

# Board of Trustees Regular Meeting

August 13, 2024 at 10 AM



Hybrid Meeting: tulalW Student Center Boardroom (Aberdeen Campus)

Zoom: <https://ghc.zoom.us/j/84944203782>

Join by Phone: 253-205-0468

## August 13, 2024 – Regular Meeting Agenda

The Board of Trustees of Grays Harbor College will hold a study session at 9:00 a.m., followed by the regular business meeting on Tuesday, August 13, 2024, at 10:00 a.m. Dr. Paula Akerlund, Board Chair, will preside.

Item	Topic	Presenter
I.	<b>Call to Order/Roll Call</b>	
II.	<b>Pledge of Allegiance</b>	
III.	<b>Land Acknowledgement</b> Grays Harbor College is located on the ancestral lands of the Chehalis, Chinook, Quinault and Shoalwater Bay Peoples. With this awareness, we honor the ancestors and pay respect to elders past and present of these nations and all Native Peoples of this land who occupy these lands since time immemorial. The College expresses its deepest respect for and gratitude towards these original and current caretakers of the region and to our native students, staff, and faculty, past and present, as well as support and respect their presence and valuable contributions into the future. As an academic community, we acknowledge our responsibility to establish and maintain relationships with these nations and Native peoples, in support of their sovereignty and the inclusion of their voices in the teaching and learning process.	
IV.	<b>Agenda Adoption</b>	
V.	<b>Public Comments</b> Please limit comments to three minutes	
VI.	<b>Celebrations</b>	
VII.	<b>Legislative Priorities</b>	Arlen Harris, Legislative Director, SBCTC & Sam Herriot, Government Relations Liaison
VIII.	<b>Action Items</b> <ol style="list-style-type: none"><li>1. Approval of July 9, 2024 Regular Business Minutes</li><li>2. Approval of July 29, 2024 Special Meeting Minutes</li><li>3. Second Reading Operational Policy 656 Remote work and flexible work hours</li><li>4. Approval of FY2024-2025 Student Life Department Budget</li><li>5. Approval of the FY23 Audit Report</li><li>6. Approval of the Investment Management Services RFP</li></ol>	
IX.	<b>Standing Reports</b> <ol style="list-style-type: none"><li>1. Student Government</li><li>2. Classified Staff Report</li></ol>	Isaac Humiston Jared Stratton

**Regular Meeting Agenda**

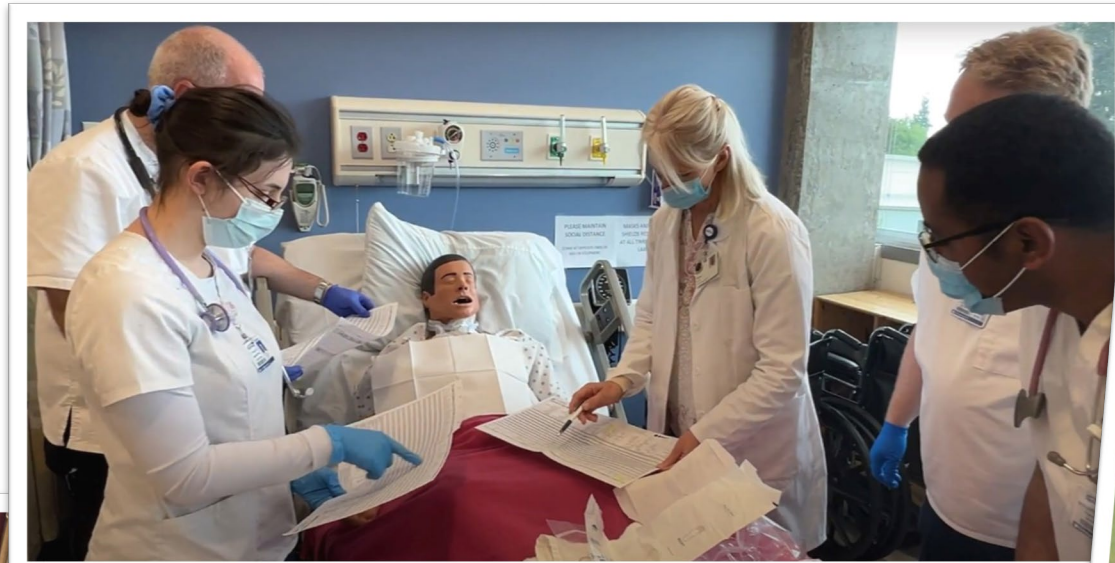
Grays Harbor College Board of Trustees  
August 13, 2024



	<ul style="list-style-type: none"> <li>3. Represented Exempt Staff Report</li> <li>4. Faculty Report</li> <li>5. Administrative Services Report</li> <li>6. Human Resources Report</li> <li>7. Instruction Report</li> <li>8. Student Services Report                             <ul style="list-style-type: none"> <li>a. Enrollment</li> </ul> </li> <li>9. President’s Report                             <ul style="list-style-type: none"> <li>a. Accreditation</li> <li>b. Student Services &amp; Instructional Building Update</li> </ul> </li> <li>10. Board Report                             <ul style="list-style-type: none"> <li>a. Foundation Meeting Report</li> <li>b. Board Art Committee Update</li> <li>c. Items of Interest</li> </ul> </li> </ul>	<p>Chris Macht Tom Kuester Kwabena Boakye Colleen Meyers Dr. Evi Buell Laurie Franklin</p> <p>Dr. Carli Schiffner Kristy Anderson Floyd Plemmons</p> <p>Astrid Aveledo Dr. Paula Akerlund &amp; Astrid Aveledo Dr. Paula Akerlund</p>
X.	<p><b>Non-Public Session</b> Non-Public Session covered by the Open Public Meetings ACT per RCW 42.30.140</p>	
XI.	<p><b>Action Items as a Result of the Non-Public Session</b></p>	
XII.	<p><b>Executive Session</b> Under RCW 4230.110, an executive session may be held for the purpose of receiving and evaluating complaints against or reviewing the qualifications of an applicant for public employment or reviewing the performance of a public employee; consultation with legal counsel regarding agency enforcement actions, or actual or potential agency litigation; considering the sale or acquisition of real estate; and/or reviewing professional negotiations.</p>	
XIII.	<p><b>Action Items as a Result of the Executive Session</b></p>	
XIV.	<p><b>Good of the Order</b></p>	
XV.	<p><b>Adjournment</b></p>	

Updated 8/4/2024 SB

# Understanding the State Allocation and Budget Process



GRAYS HARBOR  
COLLEGE



# Acronyms, Phrases, Inside Baseball

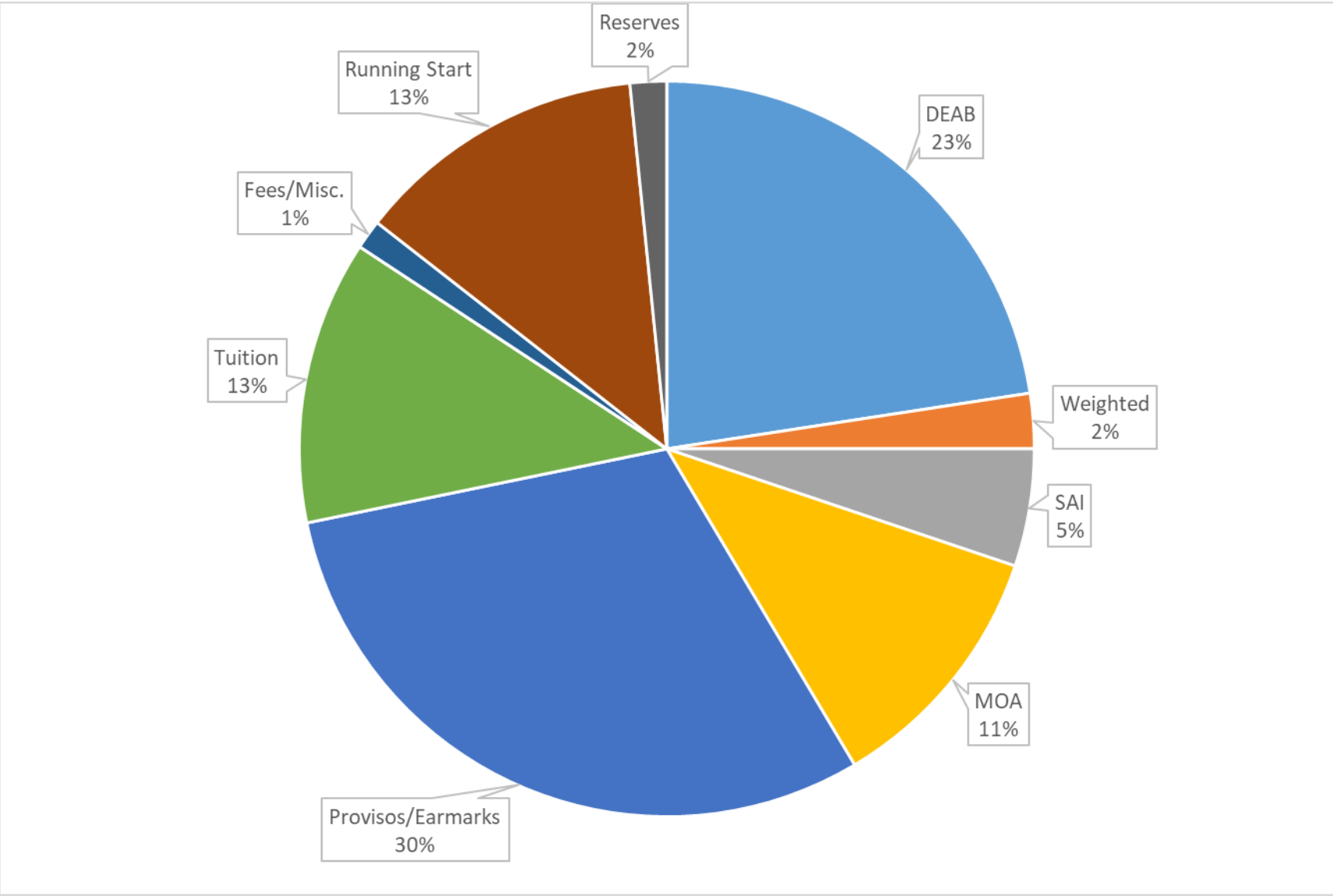
- FTE: full time equivalent/enrollment (15 credits)
- State Operating Budget (\$ from the State of WA via the State Board)
- Provisos / Earmarks: State operating dollars with strings attached.
- Enrollment Target: The # of FTE that is set by the State for which funding is based on through the allocation formula.
- District Enrollment Allocation Base (DEAB): FTE at target
- Student Achievement Initiative (SAI) / Performance Funding: money colleges get based on how well students progress through college.
- Minimum Operating Allocation (MOA): Every college gets this to “keep the lights on”.
- Weighted Enrollment: enrollment that counts 30% more



# Washington State Operating Budget

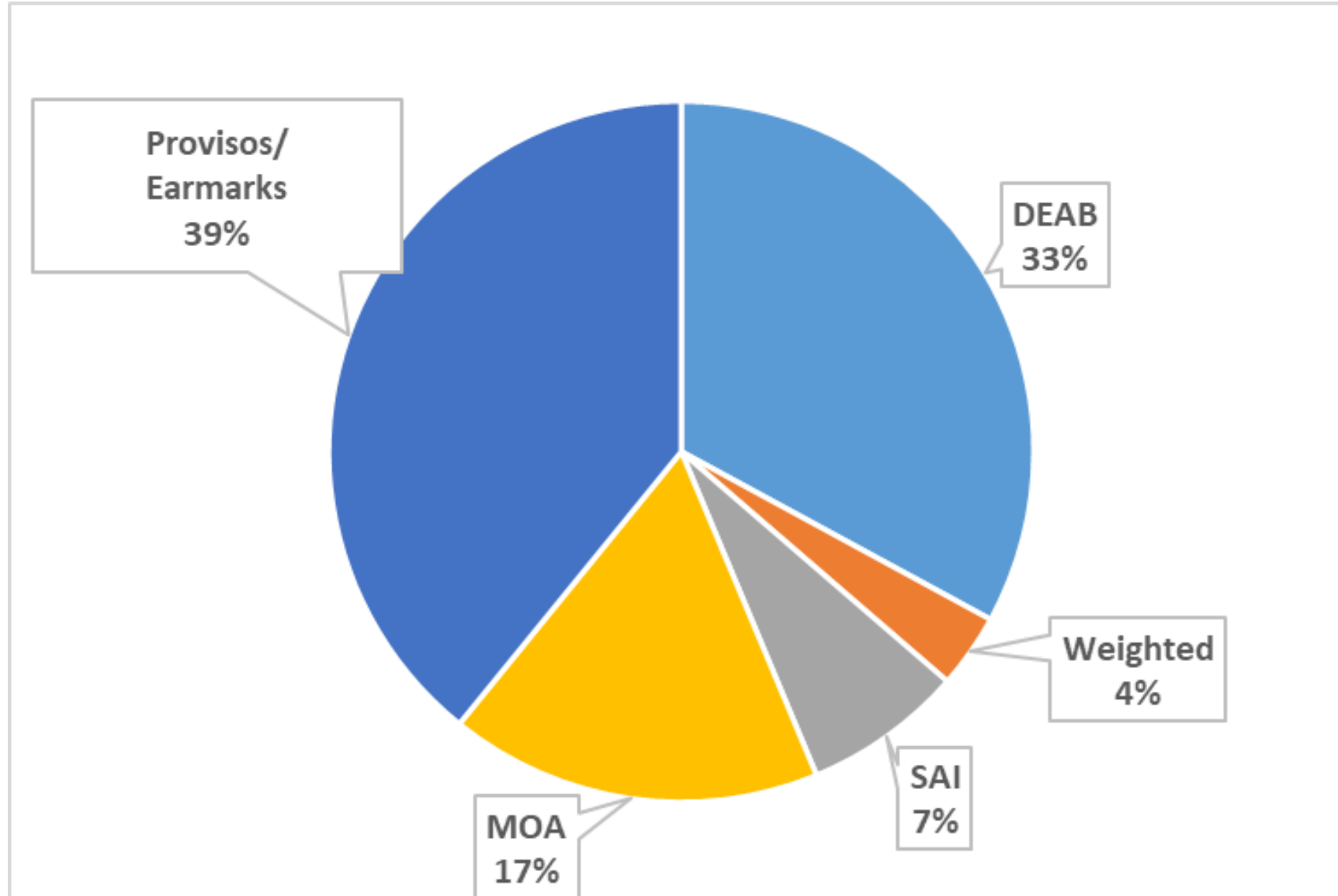
- Discretionary Part of the State's Budget
- Expansion through Decision Package Process with Office of Financial Management
- Governor's Budget, Legislative Session, Conference Budget
- Biennium Funding (long versus short)

# State Operating Funds – All Sources

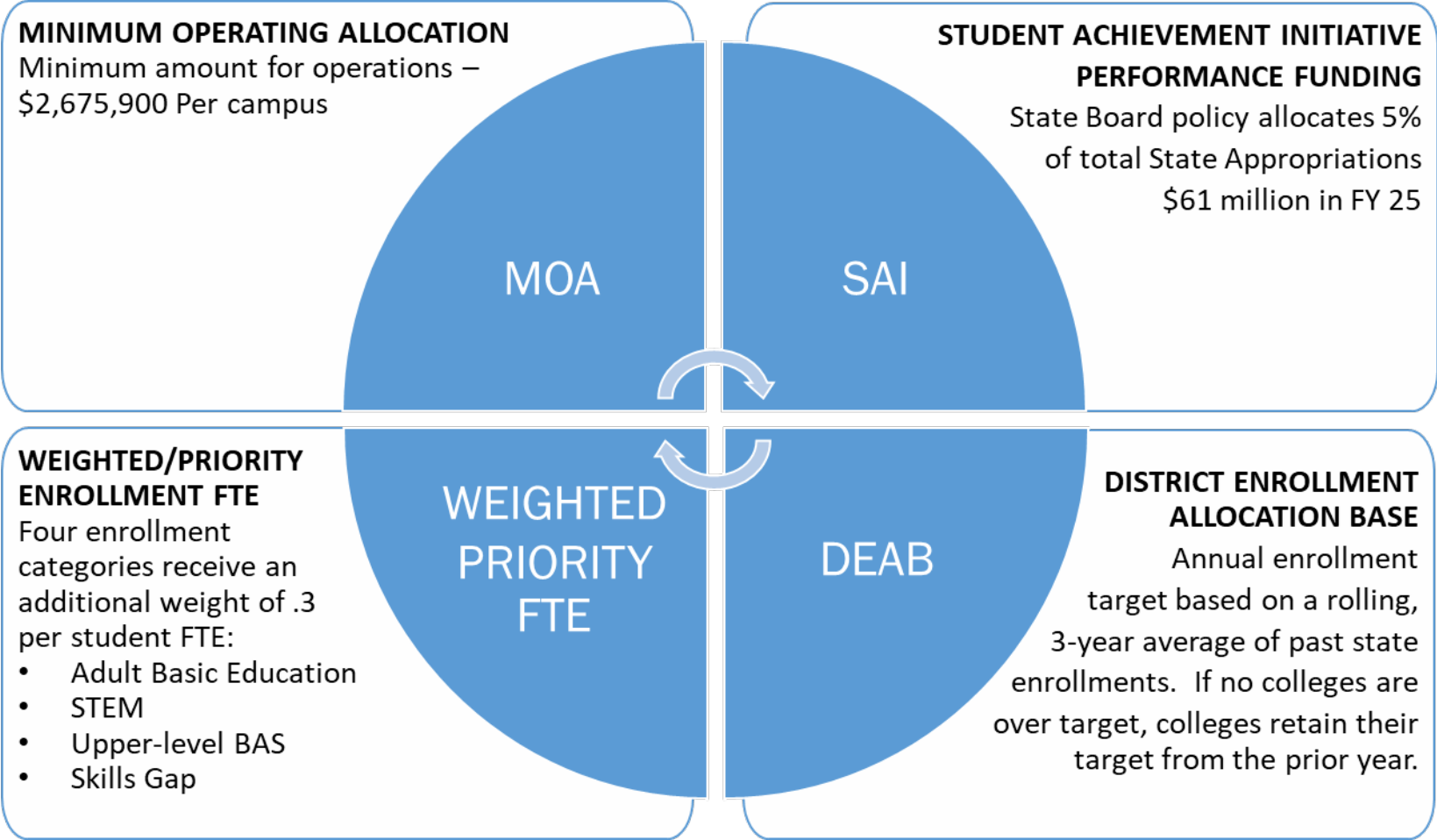




# State Operating Funds –Allocation Model Levers

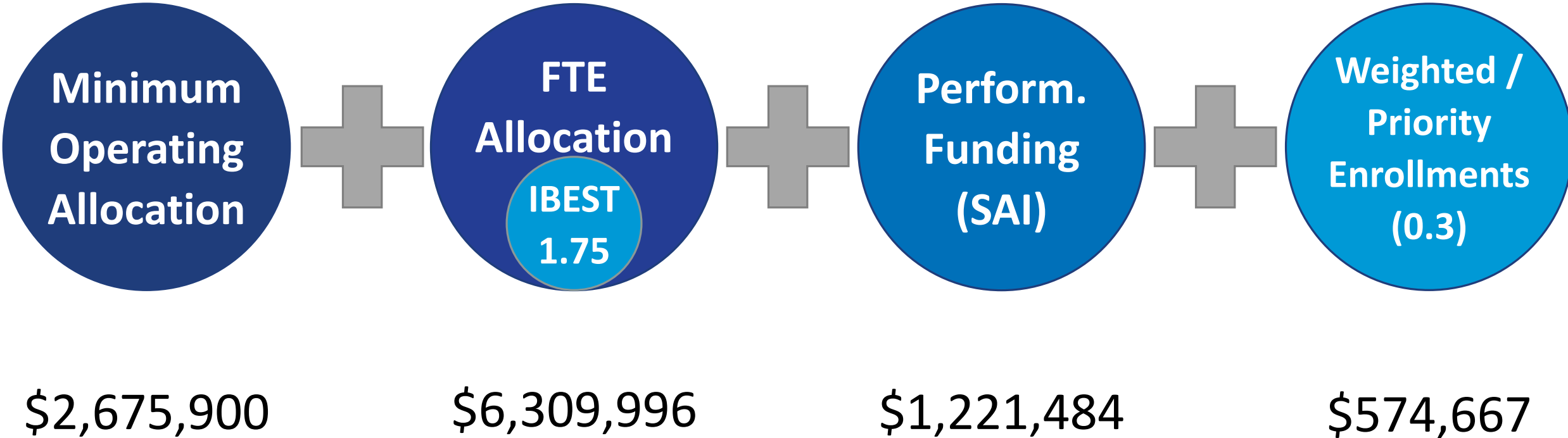


# Model Funding Explained

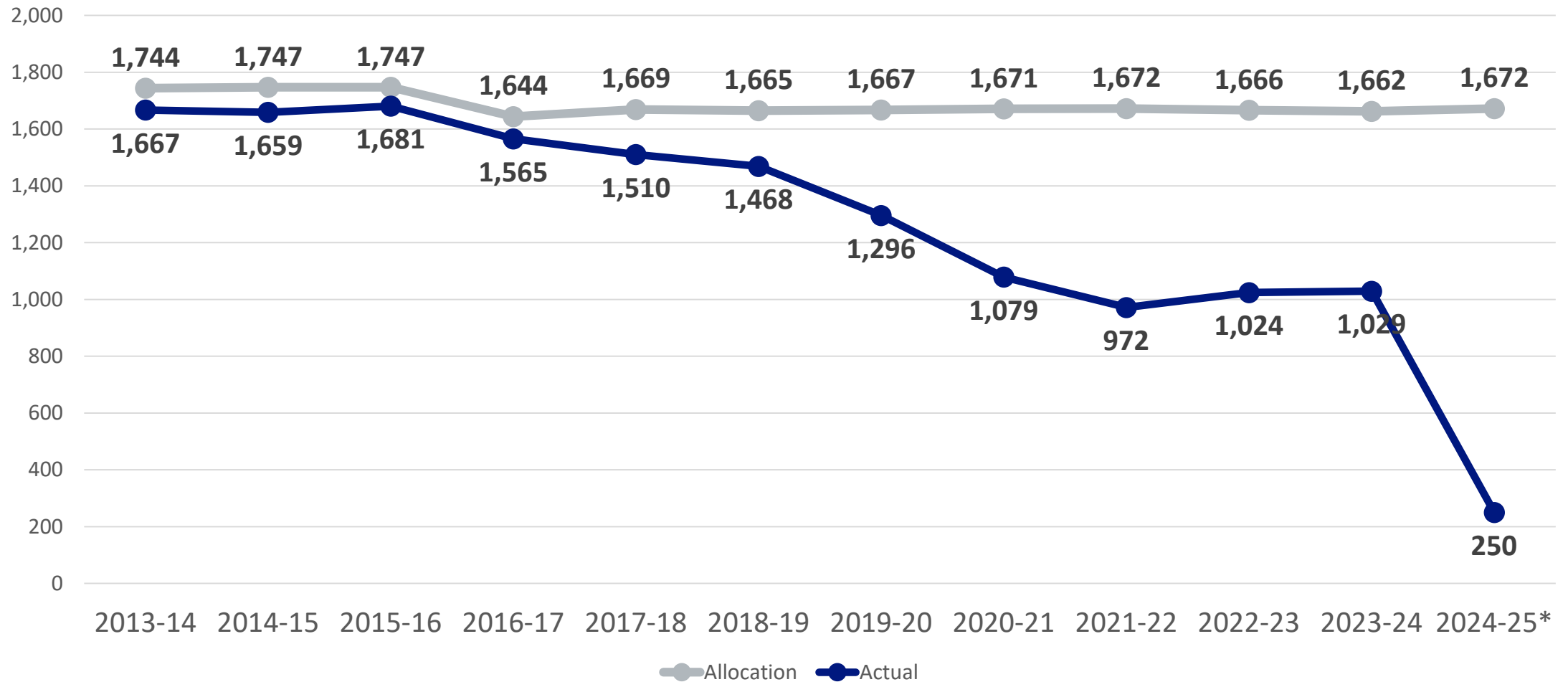




# General Allocation Model w/ 2024-25 Amounts



# State-Funded FTE: Actual vs. Allocation



\*2024-25 FTE as of 7/8/2024

# The Work...

- Two years to build back enrollment before allocation changes go into effect.
- Think as a District, consider all of our resources
- Student engagement
- Address infrastructure deficits
- Variegated funding streams
- Innovative Ideas and Strategies

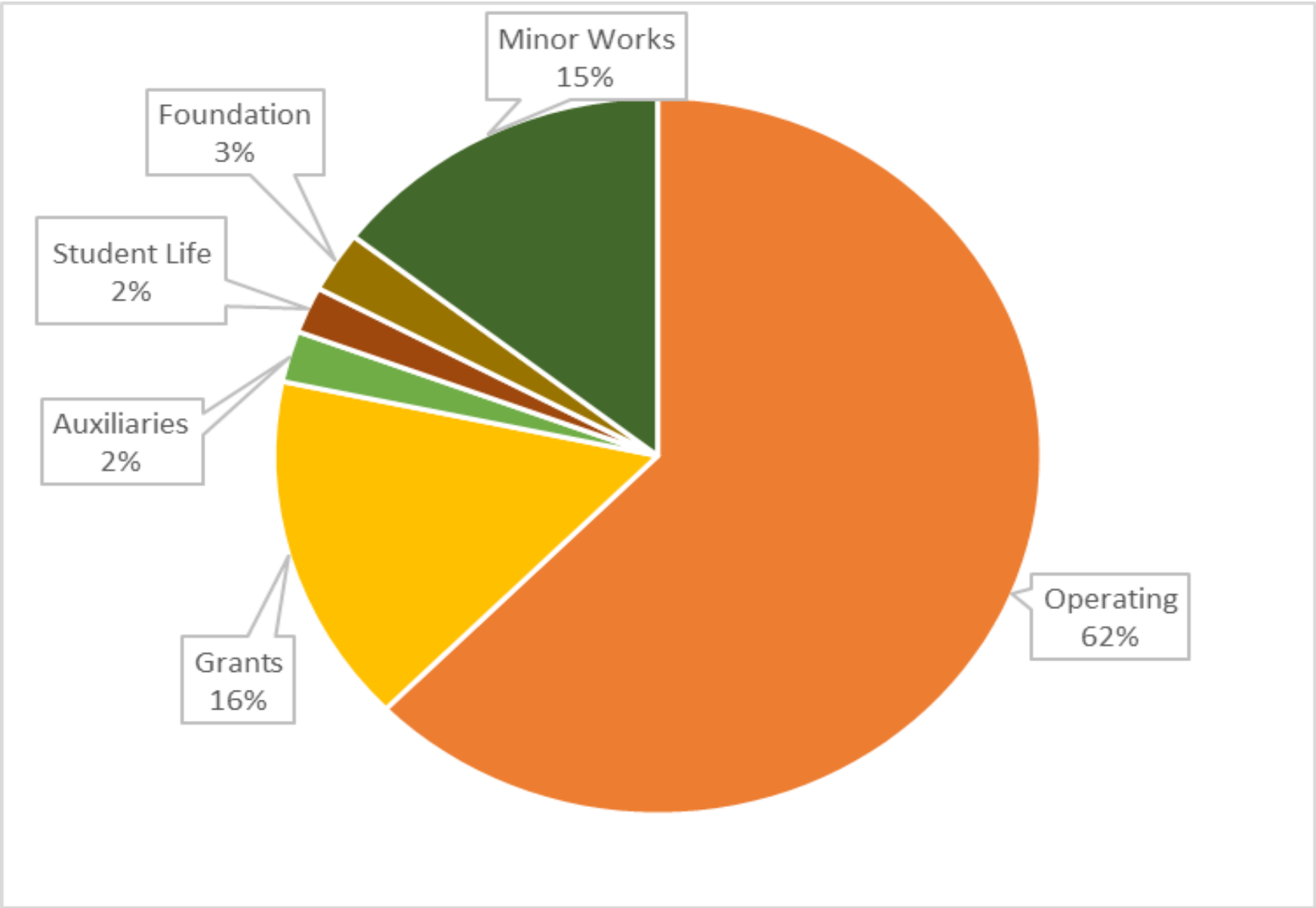




# The Comprehensive Budget

**Operating  
Grants  
Auxiliaries  
Student Life  
Foundation Support  
Minor Works**

# Comprehensive Budget Breakout



# Comprehensive Budget

Description	Operating	Grants	Auxiliaries	Student Life	Foundation	Minor Works	Total
Salary	\$14,327,805	\$2,763,506	\$279,667	\$ 416,092	\$ -	\$ -	\$17,787,070
Benefits	\$ 4,851,764	\$ 992,592	\$101,824	\$ 147,362	\$ -	\$ -	\$ 6,093,542
Goods/Services	\$ 3,041,748	\$1,185,399	\$516,808	\$ 150,843	\$ -	\$ -	\$ 4,894,798
Travel	\$ 147,287	\$ 74,029	\$ 4,000	\$ 78,500	\$ -	\$ -	\$ 303,816
Grants/Sub	\$ 871,937	\$ 475,701	\$ -	\$ 2,000	\$ -	\$ -	\$ 1,349,638
Other	\$ 317,891	\$ 491,901	\$ -	\$ -	\$1,035,267	\$ -	\$ 1,845,058
Capital	\$ 124,000	\$ -	\$ -	\$ -	\$ -	\$ 5,504,742	\$ 5,628,742
Total	\$23,682,432	\$5,983,127	\$902,299	\$ 794,797	\$1,035,267	\$ 5,504,742	\$37,902,664

# Auxiliaries

	FY25 Budget (Estimate)			FY24 Actuals	
	Bishop Center	Bookstore	Food Service	Bishop Center	Bookstore
<b>Revenue</b>					
Sales	\$ -	\$ 341,756.12	\$ -	\$ 108,172.59	\$ 341,756.12
Donations	\$ 97,000.00	\$ -		\$ 89,824.54	\$ -
	\$ 97,000.00	\$ 341,756.12	\$ -	\$ 197,997.13	\$ 341,756.12
<b>Expenses</b>					
Salary	\$ 22,704.00	\$ 142,483	\$ 114,480	\$ 23,896.83	\$ 130,006.60
Benefits	\$ 4,430.00	\$ 52,791	\$ 44,603	\$ 4,901.25	\$ 49,599.89
Goods/Services	\$ 115,808.00	\$ 351,000	\$ 50,000	\$ 157,771.57	\$ 271,451.97
Travel	\$ -	\$ 2,000	\$ 2,000	\$ 4,091.11	
	\$ 142,942.00	\$ 548,274	\$ 211,083	\$ 190,660.76	\$ 451,058.46
Surplus (Deficit)	\$ (45,942.00)	\$ (206,517.88)	\$ (211,083.00)	\$ 7,336.37	\$ (109,302.34)



# Grants

<b>Description</b>	<b>Award</b>	
BFET	\$ 304,084	Basic Food Employment and Training
Workfirst	\$ 326,458	
BEDA Master	\$ 127,939	Basic Education for Adults
Early Achievers	\$ 215,800	
Perkins Corrections	\$ 17,859	
Perkins Leadership	\$ 25,000	
Perkins Plan	\$ 257,183	
SCCC	\$ 2,115,340	
TRIO SSS	\$ 275,105	
TRIO STEM	\$ 261,888	
UB Hoquiam	\$ 287,537	
UB Raymond/Ocosta	\$ 287,537	
EOC	\$ 232,050	
GHPDA Contract	\$ 40,000	Grays Harbor Public Development Authority
Cyber Security	\$ 110,259	
Rural Grant	\$ 556,875	
Solar PV System	\$ 542,213	
<b>Total</b>	<b>\$ 5,983,127</b>	

# Minor Works

<b>Description</b>	<b>Amount</b>
Fund 057 Projects	\$ 3,484,598
Fund 060 Program	\$ 1,505,145
Fund 26C Submetering	\$ 65,000
Fund 522 Local Project	\$ 450,000
<b>Total</b>	<b>\$ 5,504,742</b>



# SBCTC Fiscal Health Measures

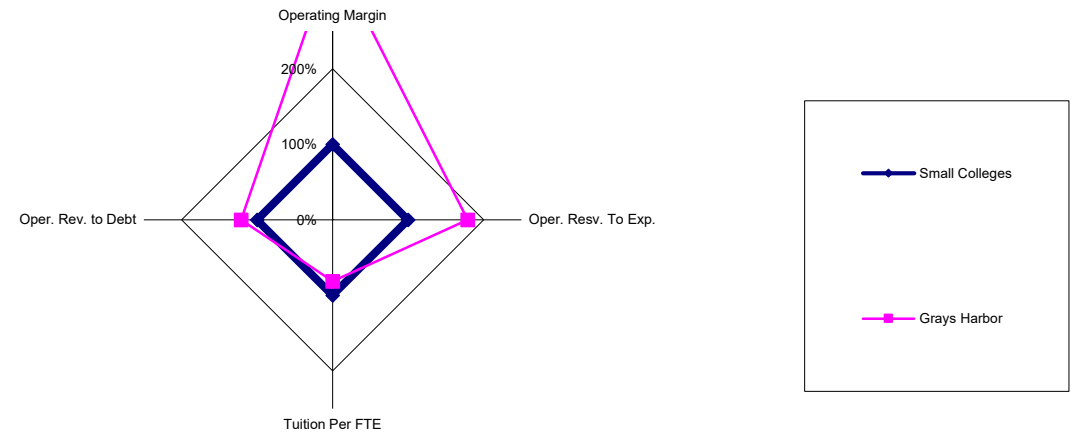
# Measures Explained

<b>Local Funds Operating Margin</b>	<b>Objective</b>
Revenues compared to expenses, except for capital and operating transfers	Ability to generate or maintain reserves
Factors influencing this measure are CARES revenue, donations and in-kind gifts	
<b>Operating Margin</b>	
Amount revenues exceed expenditures	Ability to generate or maintain reserves
<b>Margin %</b>	
Operating Margin/Revenues	Ability to generate or maintain reserves
<b>Tuition Revenue Per FTES</b>	
Tuition Revenue/Enrollment FTE	Ability to build or maintain reserves
Factors influencing this measure are # of students on waivers, volume of ABE/ESL FTE, the mix of full and part-time students, and the volume of excess enrollments	
<b>Operating Cash and Investments</b>	
Cash and investment balances	Adequacy of reserves
<b>Reserve Ratio</b>	Ability to absorb shortfalls
Reserves / Operating Expenditures	
<b>Operating Revenue to Debt Ratio</b>	
Revenues, except for federal grants, compared to debt obligations	Ability to meet debt obligations

# Summary

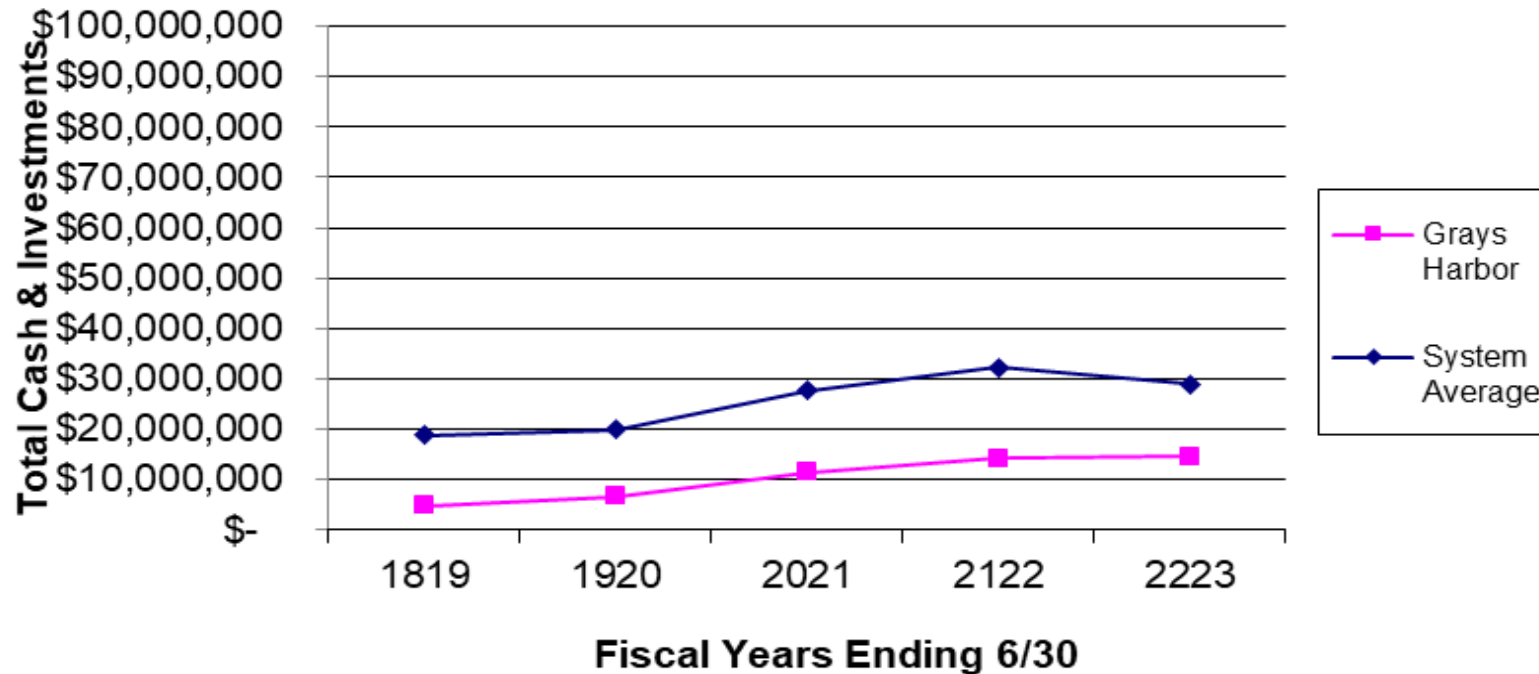
Measures	Small Colleges	Grays Harbor
Operating Margin	100%	353%
Oper. Resv. To Exp.	100%	179%
Tuition Per FTE	100%	81%
Oper. Rev. to Debt	100%	121%

## Financial Indicators



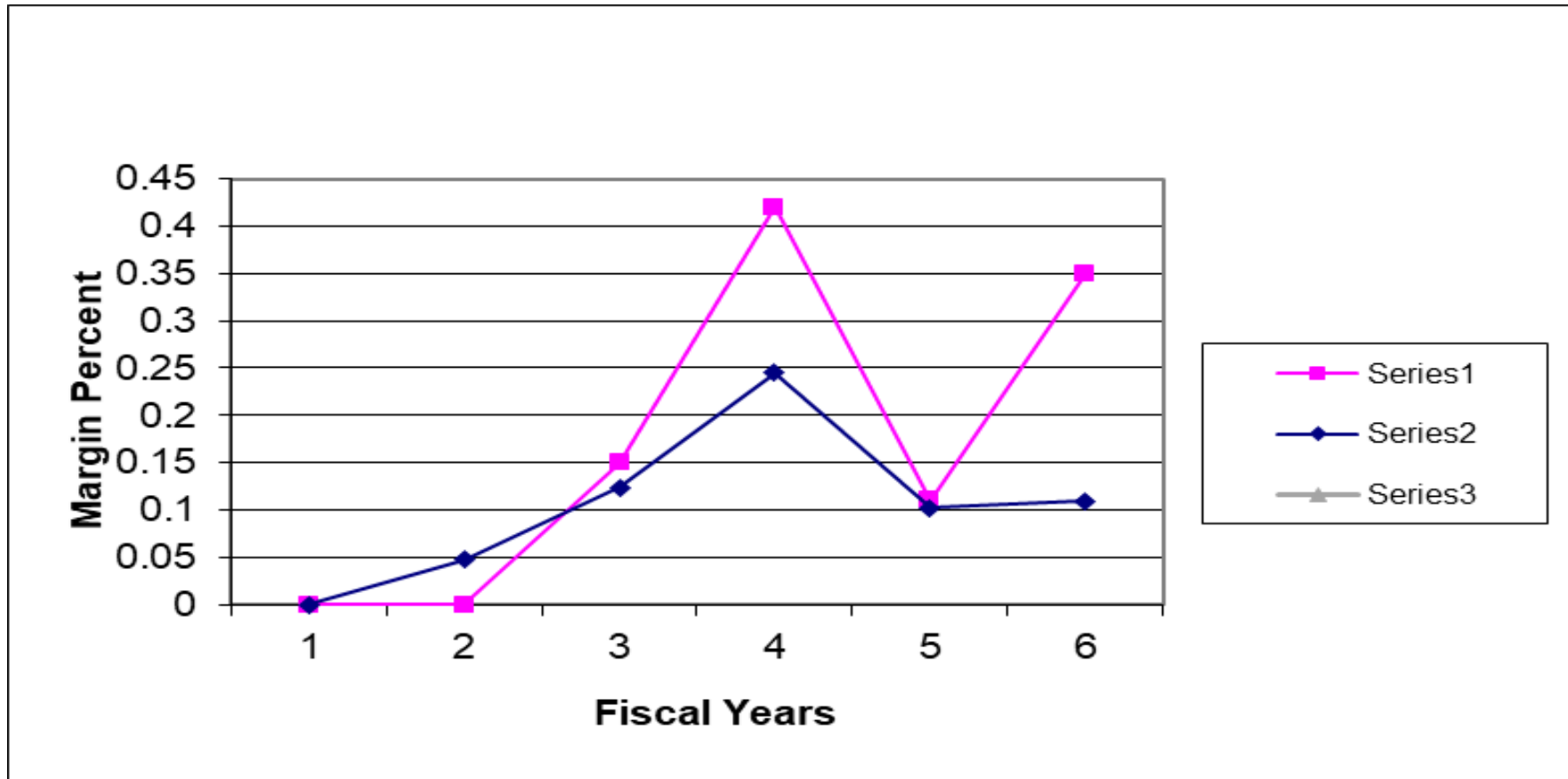
# Local Funds Cash & Investments

	1819	1920	2021	2122	2223
Grays Harbor	\$ 4,747,543	\$ 6,712,711	\$11,490,327	\$14,179,225	\$14,600,520
System Average	\$18,898,227	\$19,936,828	\$27,708,035	\$32,266,091	\$28,882,458



# Local Funds Operating Margin

	1819	1920	2021	2122	2223
Grays Harbor	0%	15%	42%	11%	35%
Small Colleges	5%	12%	25%	10%	11%





# Planning for Long Term Fiscal Health: A Discussion from System Experts



Dr. Teresa Holland Rich, Yakima Valley College  
Interim President & Vice President of Administrative Services



Mr. Steve Ward, Centralia College  
Vice President of Administrative Services (Retired)

## Grays Harbor College Board of Trustees Regular Meeting

July 9, 2024

Board Meeting 10:00 a.m.

Members Present: Aliza Esty, Astrid Aveledo, Dr. Paula Akerlund, Dr. Harry Carthum, Jim Sayce

Members Absent: None

Others Present: Ashley Bowie Gallegos, Ariel Finfrock, Camryn Scheuber, Cherie Edwards, Cheyenna Carroll, Chris Macht, Colleen Meyers, Derek Edens, Dr. Carli Schiffner, Floyd Plemmons, Gary Arthurs, Heidi Wood, Holly Duffy, Janet Parker, Jared Stratton, Johnny Alavéz, Julie Randall, Kristy Anderson, Kwabena Boakye, Laurie Franklin, Lisa Smith, Lizbeth Sanchez, Matt Edwards, Sarah Dalrymple, Shannon Bell, Sydney Yager

### I. Call to Order/Roll Call

Chair Dr. Paula Akerlund called the meeting to order at 10:02 a.m. Roll call was made; no members were absent.

### II. Pledge of Allegiance

Chair Dr. Paula Akerlund led attendees in the Pledge of Allegiance.

### III. Land Acknowledgment

Jim Sayce read the Land Acknowledgment. Chair Dr. Paula Akerlund thanked Jim Sayce for reading the land acknowledgement.

### IV. Agenda Adoption

Chair Dr. Paula Akerlund asked for an amendment of the agenda to add "Board Retreat" as a topic under the Board Report. Chair Dr. Paula Akerlund called for an adoption of the agenda with the amendment, motion was made by Dr. Harry Carthum to approve the agenda with the amendment, Jim Sayce seconded the motion. Motion carried.

### V. Public Comments

No public comments.

### VI. Celebration

Shannon Bell, Dr. Paula Akerlund, Dr. Harry Carthum, Jim Sayce, Astrid Aveledo and Aliza Esty shared stories and celebrated Dr. Carli's Schiffner's first year as President at Grays Harbor College.

## VII. Action Items & Standing Reports

### **Action**

#### 1. Approval of June 11, 2024 Minutes

Chair Dr. Paula Akerlund entertained a motion to approve the June 11, 2024 minutes as submitted. Motion was made by Dr. Harry Carthum to approve the minutes, Aliza Esty seconded the motion. Motion carried.

#### 2. First Reading Operational Policy 656 Remote Work and Flexible Work Hours

Discussion and questions on Operational Policy 656 were addressed. Additional discussions on employees and remote work standards. Operational Policy 656 Remote Work and Flexible Work Hours will have a second reading at the next board of trustees meeting.

#### 3. Second Reading Board Policy 103 Ethical Standards and Conflicts of Interest

Discussion and questions on Board Policy 103 were addressed. A request was made to have a study session or training on ethics in a rural community. Chair Dr. Paula Akerlund entertained a motion to adopt Board Policy 103 Ethical Standards and Conflicts of Interest. Motion made by Jim Sayce to adopt Board Policy 103, seconded by Dr. Harry Carthum to adopt Board Policy 103. Motion carried.

#### 4. Second Reading Operational Policy 627 Code of Ethics All Employees

Discussion and questions on Operational Policy 627 were addressed. Discussion on providing future trainings to staff on ethics. Chair Dr. Paula Akerlund entertained a motion to adopt Operational Policy 627 Code of Ethics All Employees. Motion made by Jim Sayce to adopt Operational Policy 627, seconded by Aliza Esty. Motion carried.

#### 5. Approval of FY2024-2025 Student Life Department Budget

The board discussed the Student Life Department budget. After extensive discussions, the board requested that Student Life resubmit the budget with updates and revisions. The FY2024-2025 Student Life Department budget will be reviewed at the August 13 board meeting.

### **Standing Reports**

#### 1. Student Government (Sarah Dalrymple)

Student government has been very busy with completing the FY2024-2025 student life department budget. In exciting news, Isaac Humiston welcomed a baby boy late last night. Congratulations to Isaac and his family!

#### Classified Staff Report (Jared Stratton)

The classified staff report included congratulating Jackie Blumberg for receiving the classified employee of the year award. Crystal Woods received the classified quarterly staff award for spring quarter. Looking for new memberships for the Staff Development and Training Committee group, please contact Matt Holder if you are interested. Planning for classified break-away day will be July 25.

#### 2. Represented Exempt Staff Report (Chris Macht)

The Exempt Staff report included congratulating Chris Macht for receiving the Exempt Employee of the Year award. The report also expressed gratitude to Dr. Carli Schiffner for her continued work with the union, reviewing the MOU, and recognizing years of service.

#### 3. Faculty report (Tom Kuester)

No report.

#### 4. Administrative Services Report (Kwabena Boakye)

Administrative Services reviewed and discussed the recent budget managers meeting. The request for qualifications (RFQ) for the Bishop Trust Investment is ongoing and hope to have a review for the board at the August meeting. The exit audit interview took place on July 3 will provide the report to the board.

#### 5. Human Resources Report (Colleen Meyers)

Human Resources update on new hires since the last board meeting:

- Cathy LeCompte, Dean of Workforce Education
- Camryn Scheuber, Athletics Support Specialist
- Daniel Nogales, Chemistry Faculty
- Sofia Martinez, ELA/Bridge Faculty
- Angela Drake, Fiscal Technician 3

Ongoing open searches include:

- Curriculum Affairs Manager
- Dean of Arts, Sciences and Extended Learning
- Assistant Dean of Student Aid and Scholarships
- Student Life Intramural Sports Specialist
- Bachelor of Organizational Management Faculty
- Campus Safety and Security Coordinator
- Bachelor of Applied Science – Teacher Ed Faculty

- Associate Dean of Stafford Creek
- Program Specialist 2

6. Instruction Report (Dr. Carli Schiffner and Heidi Wood)

The Instruction report included reviewing and watching summer and fall enrollment closely. Recently discovered fraudulent applications for summer quarter. Will be hosting a listening session in Ilwaco for a CNA program on August 12. Additional updates included receiving additional funding for the new arrivals grant and I-BEST expansion. Continuing to offer conversational English classes.

7. Student Services Report (Laurie Franklin)

The Student Services report included updates on the new FAFSA application, if students' applications need corrections the corrections to applications will not be processed until the middle of August. Continue to monitor fraudulent applications for fall quarter. Received positive feedback on the identity stoles at graduation, tribal member blankets, and affiliation cords. The Big Fish production will be July 18-21 at the Bishop for Performing Arts Center.

8. President's Report (Dr. Carli Schiffner)

The President's report included updates on employees who attended the June 18, government to government summit at Evergreen State College's House of Welcome in Olympia. Grays Harbor College Tribal Navigator, Cherie Edwards, presented on: Centering Tribal Student Success. Cherie Edwards, Heidi Wood and Janet Parker attended and shared their experiences. Grays Harbor College through a Perkins Special Project grant, the college was one of 6 community colleges in Washington State to be named as a key partner in a federal grant through the National Oceanic and Atmospheric Administration (NOAA). This grant will provide community colleges and regional tribal partners the opportunity to collaborate on developing college going pathways as well as indigenizing the curriculum of college programs especially with Natural Resources.

Accreditation (Kristy Anderson)

The Northwest Commission on Colleges and Universities' (NWCCU) Board of Commissioners approved the request from Grays Harbor College to add a Prison Education Program (PEP), on June 18, 2024. Stafford Creek Correctional Center (SCCC) is approved for offering an Associate of Applied Science (AAS) - Business Management (90 Quarter Credits) to be delivered via face-to-face modality.

Student Services and Instructional Building Update (Floyd Plemmons)

Major construction is complete on the tulalW Student Center and is fully occupied by staff and students. Final punch-list is being completed.

9. Board Report

a. Board Retreat (Dr. Paula Akerlund)

Discussion on board topics please send board topics to Dr. Paula Akerlund.

b. Foundation Meeting Report (Lisa Smith for Astrid Aveledo)

The Foundation report, the Foundation is meeting this upcoming Thursday in person will update the board on the meeting in August. The Foundation will be reviewing Dr. Carli Schiffner's strategic requests.

c. Board Art Committee Update (Dr. Paula Akerlund)

Finalizing tribal art contracts.

d. Items of Interest (Chair Dr. Paula Akerlund)

Dr. Harry Carthum shared the building turned out great. The board has parking spaces and the ADA spots are very close to the building. Astrid Aveledo would like a comprehensive visual chart of all the various budgets at the college, along with it the funding sources for each of the budgets. Jim Sayce shared the Tokeland marina built a clubhouse that's hoping to act as a café. The clubhouse has enough equipment to offer additional training for culinary arts or hospitality classes. Dr. Carli Schiffner shared Representative Derek Kilmer will be on campus this Friday to discuss Lake Swano Dam.

VIII. Non-Public Session

Non-Public Session covered by the Open Public Meetings ACT per RCW 42.30.140

X. Action Items as a Result of the Non-Public Session

No non-public session.

XI. Executive Session

Under RCW 4230.110, an executive session may be held for the purpose of receiving and evaluating complaints against or reviewing the qualifications of an applicant for public employment or reviewing the performance of a public employee; consultation with legal counsel regarding agency enforcement actions, or actual or potential agency litigation; considering the sale or acquisition of real estate; and/or reviewing professional negotiations.

Closed executive session.

## XII. Action Items as a Result of the Executive Session

None.

## XIII. Good of the Order

Chair Dr. Paula Akerlund asked if there was anything good of the order.

Dr. Harry Carthum shared there are concerts every other week on Broadway. Also, would like to hear from new employees about their roles three months after starting. Sydni Yager echoed everyone's comments about Carli and her one-year anniversary. Jim Sayce shared about a recent finished construction project with the help from a FEMA grant. Repaired an agricultural dike that continued to flood businesses, parks and homes. Aliza Esty shared that July her calendar is empty. Lisa Smith shared her excitement for the Lake Swano Dam tour.

## XIV. Adjournment/next meeting

There being no further business, Chair Dr. Paula Akerlund adjourned the meeting at 12:56 p.m. The Board of Trustees will hold its next meeting on August 13, 2024 at the Grays Harbor College in Aberdeen and online over zoom.

\_\_\_\_\_  
Dr. Carli Schiffner, Secretary

\_\_\_\_\_  
Dr. Paula Akerlund, Chair



## Grays Harbor College Board of Trustees Special Meeting

July 29, 2024

Special Board Meeting 9:00 a.m.

Members Present: Aliza Esty, Astrid Aveledo, Dr. Paula Akerlund, Dr. Harry Carthum, Jim Sayce

Members Absent: Jim Sayce

Others Present: Annalee Atwell, Cathy LeCompte, Colleen Meyers, Derek Edens, Dr. Carli Schiffner, Heidi Wood, Jax Bonifer, Jenna Bishop, Jonni Dawson, Julie Randall, Justin Kjolseth, Kristy Anderson, Kwabena Boakye, Laurie Franklin, Lisa Smith, Lizbeth Sanchez, Sydni Yager

### I. Call to Order/Roll Call

Chair Dr. Paula Akerlund called the meeting to order at 9:00 a.m. Roll call was made; Jim Sayce was absent.

### II. Pledge of Allegiance

Chair Dr. Paula Akerlund led attendees in the Pledge of Allegiance.

### III. Land Acknowledgment

The Land Acknowledgment was read out loud.

### IV. Agenda Adoption

Chair Dr. Paula Akerlund called for an adoption of the agenda. Motion was made by Astrid Aveledo to approve the agenda, Aliza Esty seconded the motion. Motion carried.

### VII. Action Items

#### **Action**

#### 1. Review and Adoption of the Title IX Updates

Laurie Franklin presented the Title IX changes and updates. Motion to adopt and approve the model student conduct code as presented excluding options 7 and 10 listed in the summary document. Motion made by Astrid Aveledo to approve the Title IX updates, Aliza Esty seconded the motion. Motion carried.

#### 2. Student Conduct Code, WAC Chapter 132B-125

Laurie Franklin presented the Student Conduct Code. Motion to repeal and archive the existing Student Conduct Code, WAC Chapter 132B-125, during the time the Code of Conduct adopted by the emergency rulemaking is in effect starting August 1, 2024. Motion made to approve the

emergency rulemaking is in effect starting August 1, 2024 by Aliza Esty, Astrid Aveledo seconded the motion. Motion carried.

#### VIII. Non-Public Session

Non-Public Session covered by the Open Public Meetings ACT per RCW 42.30.140

#### X. Action Items as a Result of the Non-Public Session

No non-public session.

#### XI. Executive Session

Under RCW 4230.110, an executive session may be held for the purpose of receiving and evaluating complaints against or reviewing the qualifications of an applicant for public employment or reviewing the performance of a public employee; consultation with legal counsel regarding agency enforcement actions, or actual or potential agency litigation; considering the sale or acquisition of real estate; and/or reviewing professional negotiations.

#### XII. Action Items as a Result of the Executive Session

None.

#### XIV. Adjournment/next meeting

There being no further business, Chair Dr. Paula Akerlund adjourned the meeting at 9:56 a.m. The Board of Trustees will hold its next meeting on August 13, 2024 at the Grays Harbor College in Aberdeen and online over zoom.

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Dr. Carli Schiffner, Secretary

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Dr. Paula Akerlund, Chair

**Operational Policy**

Policy Name	<b>REMOTE AND FLEXIBLE WORK HOURS</b>
Policy Number	<b>656</b>
Date Adopted	<b>2/15/2022</b>
Date(s) Revised	XX/XX/2024

Grays Harbor College in compliance with RCW 70.94.547, RCW 41.04.390, and Executive Order 14-02 has adopted this policy on Remote and Flexible Work Hours. As stated in Executive Order 14-02 remote and flexible work hour studies have shown that employers enjoy economic and organizational benefits resulting from increased employee productivity and morale, reduced use of employee sick leave, reduced hiring and training costs, and reduced office space and parking needs. Remote and flexible work hours are valuable tools for reducing commute trips, eliminating tons of pollutants from release into the atmosphere, and saving energy by reducing gasoline consumption.

Remote and flexible work hours are not an employee entitlement or right; they are management tools, business strategies and employee benefits. The College mission and quality of service provided must be maintained or improved by allowance of remote and flexible work hours arrangements.

It is the policy of the College to allow eligible employees to participate in approved remote and flexible work hours programs.

Faculty workload is governed by the collective bargaining agreement.

**To:** GHC Board of Trustees

**From:** GHC Associate Student Government

**cc:** President Carli Schiffner, Vice President of Student Services Laurie Franklin

**Date:** July 23, 2024

**Re:** Subject: Proposed S&A Budget

Associated Students of Grays Harbor College			
Proposed FY25 Budget			
Organization	23-24 Allocation	24-25 Allocation	Difference
<b>Auxiliary Programs</b>			
Bishop Center/7th Stree	1,000.00	1,000.00	-
Contingency/Encumbered*	20,000.00	-	(20,000.00)
<b>Subtotal</b>	<b>21,000.00</b>	<b>1,000.00</b>	<b>(20,000.00)</b>
<b>Student Funded Programs Centers</b>			
Diversity & Equity Center*	4,500.00	20,000.00	15,500.00
eSports	10,000.00	12,000.00	2,000.00
Harbor Landing Food Pantry*	6,000.00	10,000.00	4,000.00
<b>Subtotal</b>	<b>20,500.00</b>	<b>42,000.00</b>	<b>21,500.00</b>
<b>Associated Students of Grays Harbor College</b>			
Student Government*	2,000.00	6,000.00	4,000.00
GHAB	20,000.00	15,000.00	(5,000.00)
<b>Subtotal</b>	<b>22,000.00</b>	<b>21,000.00</b>	<b>(1,000.00)</b>
<b>Clubs &amp; Organizations</b>			
New Student Orientation	2,250.00	2,250.00	-
Phi Theta Kappa	700.00	1,000.00	300.00
TRiO (Snack Cabinet)	-	2,400.00	2,400.00
<b>Subtotal</b>	<b>2,950.00</b>	<b>5,650.00</b>	<b>2,700.00</b>
<b>Student Wages</b>			
Hourly Wages*	60,000.00	20,000.00	(40,000.00)
AmeriCorps	30,000.00	-	(30,000.00)
<b>Subtotal</b>	<b>90,000.00</b>	<b>20,000.00</b>	<b>(70,000.00)</b>
<b>Student Life</b>			
Goods & Materials	5,500.00	2,000.00	(3,500.00)
Travel	5,500.00	5,500.00	-
Professional Staff Salaries & Benefits*	259,740.00	460,000.00	200,260.00
<b>Subtotal</b>	<b>270,740.00</b>	<b>467,500.00</b>	<b>196,760.00</b>
<b>Total</b>	<b>427,190.00</b>	<b>557,150.00</b>	<b>129,960.00</b>

\*Reserve balance was not used in 23/24 aside from Esports Computers - This will serve as contingency with any large requests requiring additional approval from GHC Board of Trustees.

\*Significant increase in Diversity & Equity Center & Food Pantry indicates a realignment of priorities

\*Increase of Student Government Allocation is a result of implementing the ASGH Senator positions

\*Working to increase use of Work Study funds will result in reduced expenses for student employment/ Decreased Student Employee Staff entering 2024/2025

\*Significant increases in Professional Staff Salaries & Benefits result from funding the Associate Director of Diversity and Equity position at 90% and the initial year salary for an Inramurals Specialist.

**Grays Harbor College Athletics**

**Proposed FY25 Budget**

<b>Organization</b>	<b>23-24 Allocation</b>	<b>24-25 Allocation</b>	<b>Difference</b>
<b>Athletics Administration</b>	41,000.00	43,834.00	2,834.00
<b>Men's Basketball</b>	24,000.00	39,094.00	15,094.00
<b>Men's Golf</b>	14,000.00	-	(14,000.00)
<b>Women's Volleyball</b>	14,000.00	-	(14,000.00)
<b>Women's Basketball</b>	24,000.00	4,325.00	(19,675.00)
<b>Softball</b>	29,000.00	49,240.00	20,240.00
<b>Women's Soccer</b>	24,000.00	-	(24,000.00)
<b>Baseball</b>	29,000.00	69,293.00	40,293.00
<b>Women's Cross Country</b>	13,000.00	-	(13,000.00)
<b>Athletic Trainer</b>	-	74,000.00	74,000.00
<b>Team Photography &amp; Branding</b>	-	6,000.00	6,000.00
<b>Total</b>	<b>212,000.00</b>	<b>285,786.00</b>	<b>73,786.00</b>

**Notes:**

1. Student Life will pay for Game Support Student Employees			
2. ASGHC will allocate funding for 5 assistant coaches (1 per team) at \$4,200 each			
3. All personnel stipend/salary increases are to be reviewed and approved by the Vice President for Student Services.			
4. All fundraising proposals and initiatives are to be reviewed and approved by the Vice President for Student Services.			
5. When in travel status teams will assign 4 players per hotel room and all student athletes will receive the full state per diem as approved by ASGHC. If this hotel arrangement presents a hardship for some teams/players, ASGHC asks that a contingency request be submitted.			
6. All unspent funds allocated for 24/25 will be returned to Student Life fund balance.			
7. In the event that there are a sufficient number of women wrestlers to field a team, ASGHC will consider a contingency request in the amount of \$45,000			

Total proposed S&A budget: \$842,936

ASGHC is aware the proposed budget requires the use of reserves. This is addressed in the budget allocation memo.

TO: Services & Activities (S&A) Fee Budget Committee Student Government

FROM: Laurie Franklin, Interim Vice President of Student Services

RE: S&A Budget Recommendations for 2024-2025

DATE: February 29, 2024

### **ASSUMPTIONS & EXPECTATIONS**

- Tuition rate was considered and approved by the SBCTC. For FY 2024-25, the maximum for S&A is \$11.28 per 15 credit hour.
- Enrollment numbers have been consistently down 15% since physical-distancing and remote operations were instituted to stop the spread of COVID-19 in March 2020. For FY 2024-25, enrollment is estimated to grow 2.5%.
- Outside programs, workforce training and contracts are not charged S&A fees (i.e. non-college, certificate/contracts and Stafford Creek Correctional Facility).
- Three statutorily mandated waivers waive all tuition and fees:
  - o Children/Spouses of Deceased or Disabled Law Enforcement or Firefighters
  - o Children/Spouse of Totally Disabled or POW/MIA or Deceased Eligible Veterans or National Guard Members
  - o Wrongfully convicted person
- SBCTC has two mandatory waivers: ABE/ESL/GED and Apprenticeship.
- Optional Waivers Granted by Grays Harbor College:
  - o SHB 1706 authorizes waivers of building fees and services and activities fees for military service members eligible to participate in the United States department of defense tuition assistance program.
  - o High School Completion
- For 2024-2025 academic year, Running Start is projected to generate about \$75,000 in allocated funds to S&A revenue.
- For 2024-2025 academic year, the operations fee (implemented in FY22) is projected to generate about \$105,000 in revenue.
- \$348,264 was generated in S&A in revenue (including running start) to date (FY) as of March 1, 2024.
- The estimated balance of ASGHC Fund Balance/Reserves is \$1,664,002 effective June 30, 2024.

- Based on carry forward to the Fund Balance from the unspent dollars from prior years the committee has an additional \$100,000 in reserve funds that can be used for projects and programs that align with the spirit of this funding source.
- If enrollment estimates change in the coming months or next fiscal year, this recommendation may change and necessitate the reconvening of the student-led budget committee.

Based on these expectations, ***I am recommending an operating budget for 2024-2025 of \$572,000.*** This recommendation is made with the expectation that enrollment estimates underlying the S &A revenue estimate for FY2024-2025 will remain the same next year.

Laurie Franklin

Interim Vice President for Student Services

cc: Kwabena Boakye



## MEMORANDUM

**To: ASGHC Budget Committee**

**From: Sarah Dalrymple, Director of Student Life**

**Date: May 7, 2024**

**Subject: Budget Request for Student Tech Fee**

I am submitting a budget request for the fiscal year 2024-2025 that includes funding for technology upgrades specifically the replacement of existing laptops, as well as the continued support of the Lab Manager position.

### **Justification for Technology Upgrades**

Based on the attached asset tracking and needs assessment, there is a crucial requirement to replace aging laptops with newer models to ensure our technology keeps pace with current educational demands. The details are as follows:

**Chromebooks:** Replacement of 44 HP Chromebook 14 G5 models. These units are essential for library services and student use, facilitating access to digital resources and learning platforms. The total cost for these replacements is projected at \$22,000.

### **Proposed Arrangement for Office/Position Reallocation**

To effectively manage our upgraded technology resources and to ensure the optimal functioning of our open lab, it is proposed that the Esports Specialist be located in the center office between the open lab and Esports Arena. This arrangement will provide:

- Engaging students in the open lab and creating Help Desk tickets for any IT issues
- Administering the laptop checkout program, a vital service that enhances student access to technology.
- Ensuring technology use compliance with institutional standards and policies.
- The two Student Employee positions will be moved to the Student Life hourly employee budget

### **Proposed Budget Overview**

The total funding request for the replacement laptops is \$22,000. Additionally, the annual salary for the full-time Lab Manager, including benefits, is estimated at \$85,000. The combined total for this budget request is \$107,000.

### **Conclusion**

The approval of this budget will directly contribute to enhancing our technological capabilities and operational efficiency. It will support our ongoing commitment to providing students with the necessary tools and resources to succeed academically.

Thank you for considering this essential enhancement to our educational infrastructure. I am available for any further discussion or to provide additional information as needed.

Sincerely,

Sarah Dalrymple  
Director of Student Life



# Technology Equipment Replacements

Data Downloaded From Asset Tracker on 1/3/2024 and Manual Update 1/31/2024

Department/Area:

Tech Fee

	2000	2019	2021	2022	2023	2024	2025	Total
Desktop	0	0	0	0	0	0	0	0
Laptop	0	0	0	0	0	0	0	0
Chrome	0	0	0	0	0	40	4	44
Tablet	0	0	0	0	0	0	0	0
Projector	0	0	0	0	0	0	0	0
Printer	0	0	0	0	0	1	0	1

## Replacement Years: 2000-2024

0

	2000-2024	Cost	Amount
Desktop	0	\$650.00	\$0.00
Laptop	0	\$800.00	\$0.00
Chrome	44	\$500.00	\$22,000.00
Tablet	0	\$800.00	\$0.00
Projector	0	\$1,500.00	\$0.00
Printer	1	\$1,300.00	\$1,300.00

Total \$23,300.00

Tag	Room	Item Type	Model	Assigned To	Funding Source	Repl. Year
583	1550	Chrome	HP Chromebook 14	Library	Tech Fee	2024
8576	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8577	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8578	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8579	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8580	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8581	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8582	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8584	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8585	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
8586	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI220387	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
89984	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
89985	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90003	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90005	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90009	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90010	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90031	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90032	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90041	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90044	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI21323	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210340	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210339	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210338	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210337	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210336	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210335	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210334	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210333	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210332	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210331	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210330	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024

DNI210329	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210328	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210327	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210325	1550	Chrome	HP Chromebook 14 G5	LIBRARY	Tech Fee	2024
DNI210324	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
DNI210312	1550	Chrome	HP Chromebook 14 G5	Library	Tech Fee	2024
90108	1550	Chrome	Chromebook 3	Library	Tech Fee	2025
90106	1550	Chrome	Chromebook 3	Library	Tech Fee	2025
90089	1550	Chrome	Chromebook 3	Library	Tech Fee	2025
90061	1550	Chrome	Chromebook 3	Library	Tech Fee	2025

## VIII.5. – Audit Report

GHC Board of Trustees Meeting

August 13, 2024

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# Written Report

## Item Information:

**Topic:** Audit Report

**Prepared by:** Kwabena Boakye

**Attachments:** FY23 Audit Report

## Narrative

The State Auditor's Office (SAO) completed the FY2022-23 financial audit with an exit meeting on July 3, 2024. Subsequently, the SAO published the audit report on July 11, 2024 with an unqualified opinion. The audit report is presented to the Board for review and acceptance.

The published SAO Audit Report was submitted to the Board on July 11, 2024. A board member made a comment about the composition of Board of Trustees language on page 14. Upon following up on the Board member's comment, it was noted that the RCW language for Board of Trustees composition for Technical Colleges was used for Grays Harbor College, which appears to be an error since Grays Harbor College is not a Technical College. Legal counsel will be consulted to clarify the Board of Trustees composition language in subsequent audit reports.

## Summary & Next Steps

The FY23 final audit report is presented to the Board for acceptance. Further updates will be provided to the Board in subsequent meetings as new information becomes available.

## Action Requested:

Approve and accept the F23 Audit Report published by the State Auditor's Office on July 11, 2024.

## Follow-Up

SAO Audit Report, Page 14

The College is governed by a five-member Board of Trustees appointed by the governor of the state with the consent of the state Senate. In accordance with **Washington State law governing technical colleges, the College's board includes one member from business and one member from labor. In addition, the college has a Governor-appointed student trustee who is prohibited from voting on personnel or collective bargaining matters.** By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

RCW [28B.50.100](#)

There is hereby created a board of trustees for each college district as set forth in this chapter. Each board of trustees shall be composed of five trustees, except as provided in RCW 28B.50.102, who shall be appointed by the governor for terms commencing October 1st of the year in which appointed. In making such appointments, the governor shall give consideration to geographical diversity, and representing labor, business, women, and racial and ethnic minorities, in the membership of the boards of trustees. **The boards of trustees for districts containing technical colleges shall include at least one member from business and one member from labor.**



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Grays Harbor College  
July 1, 2022 through June 30, 2023**

This schedule presents the status of findings reported in prior audit periods.

Audit Period: July 1, 2021 through June 30, 2022	Report Ref. No.: 1033140	Finding Ref. No.: 2022-001
<b>Finding Caption:</b> Grays Harbor College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed.		
<b>Background:</b> The College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed. The process that management used was not effectively designed to detect or correct errors before the audit and did not ensure the College's statements and required footnote disclosures were accurate, complete, and presented in accordance with GAAP.		
<b>Status of Corrective Action: (check one)</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>The College concurred with the finding and acknowledges the importance of implementing and maintaining effective internal controls to ensure the financial statements are accurately prepared and reviewed. Conditions that created the finding included the implementation of a new and robust college wide enterprise system (ctcLink) during remote operations, and the departure of the Finance Pillar subject matter expert before year end close. Financial statement errors identified during the audit both by the auditors and College staff were corrected in the College's final financial statements.</i> <i>The College has taken various steps to strengthen internal controls related to business processes, financial statement preparation, and review of the financial statements. Specifically, these steps have included:</i> <ul style="list-style-type: none"> <li>• <i>Creation of control and mapping documents to track and monitor financial accounts, related subledgers, and documents, with assigned employees responsible for accounts related to their roles.</i></li> <li>• <i>Establishing new processes to review general ledger interface setups within the ctcLink system to ensure data is accurately flowing to the correct financial statement accounts, including promptly identifying ctcLink system issues in the Finance Pillar and closely working with State Board for Community and Technical Colleges (SBCTC) staff to correct issues.</i></li> </ul>		

- *Training of Business Office staff on internal controls, account reconciliations, and year-end close processes specific to the new ctcLink PeopleSoft system.*
- *Revising general ledger account reconciliation processes to align with ctcLink report Queries, resulting in timely and accurate completions.*
- *Reviewing and revising the financial statement review process to ensure the statements are accurate, complete and in accordance with GAAP.*





Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Grays Harbor College

For the period July 1, 2022 through June 30, 2023

*Published July 11, 2024*

Report No. 1035160



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**Office of the Washington State Auditor  
Pat McCarthy**

July 11, 2024

Board of Trustees  
Grays Harbor College  
Aberdeen, Washington

**Report on Financial Statements**

Please find attached our report on the Grays Harbor College's financial statements.

We are issuing this report in order to provide information on the College's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **Grays Harbor College** **July 1, 2022 through June 30, 2023**

Board of Trustees  
Grays Harbor College  
Aberdeen, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Grays Harbor College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 3, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Grays Harbor College Foundation (the Foundation) as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements.

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we have reported to the management of the College in a separate letter dated July 3, 2024.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

July 3, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### Grays Harbor College

July 1, 2022 through June 30, 2023

Board of Trustees  
Grays Harbor College  
Aberdeen, Washington

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Grays Harbor College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the financial section of our report.

We did not audit the financial statements of the Foundation, which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Grays Harbor College, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical

requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Matters of Emphasis**

As discussed in Note 1, the financial statements of the Grays Harbor College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component unit. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

July 3, 2024

## FINANCIAL SECTION

### Grays Harbor College July 1, 2022 through June 30, 2023

#### REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2023

#### BASIC FINANCIAL STATEMENTS

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Statement of Revenues, Expenses and Changes in Net Position – 2023

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2023

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#### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Grays Harbor College's Share of the Net Pension Liability/(Asset) – PERS 1,  
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# Management's Discussion and Analysis

## Grays Harbor College

The following discussion and analysis provides an overview of the financial position and activities of Grays Harbor College (the College) for the fiscal year ended June 30, 2023 (FY2023). This overview provides readers with an objective and easily readable analysis of the College's financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the College's financial statements and accompanying note disclosures.

Grays Harbor College is one of thirty public community and technical college districts in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs. The College also serves Running Start high school students (dual enrollments) through contracts with local school districts, and provides basic skills, vocational training, and associate degree programs to the Stafford Creek Correctional Center through a contract with the State of Washington Department of Corrections. The College confers applied baccalaureate degrees, associate degrees, certificates and high school diplomas. For the fiscal year ending June 30, 2023, the College served 989 state funded annual full time equivalent (FTE) students, and 573 annual contract FTEs. Actual unduplicated state funded headcount totaled 1,838 students.

The College was established in 1930 and is one of the oldest community colleges in the state.

The College's main campus is located in Aberdeen, Washington, and the College service district includes both Grays Harbor and Pacific counties with a total population of approximately 96,500 as of the 2020 census. The College also has educational centers in Pacific County, with facilities in Raymond and Ilwaco. The College is governed by a five-member Board of Trustees appointed by the governor of the state with the consent of the state Senate. In accordance with Washington State law governing technical colleges, the College's board includes one member from business and one member from labor. In addition, the college has a Governor-appointed student trustee who is prohibited from voting on personnel or collective bargaining matters. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

## Using the Financial Statements

The financial statements presented in this report encompass the College and its discretely presented component unit, the Grays Harbor College Foundation. The College's financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College as of June 30, 2023. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over the entire

fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the college's financial health.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the College's financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

GAAP requires a college to report an organization that raises and holds economic resources for the direct benefit of a government unit. Under this requirement, the Grays Harbor College Foundation is a component unit of the College and their financial statements are discretely presented into this financial report.

### Statement of Net Position

The Statement of Net Position provides information about the College's financial position and presents the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. A condensed comparison of the Statement of Net Position is as follows:

**Grays Harbor College**  
**Condensed Statement of Net Position**  
**As of June 30, 2023**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets	\$ 20,718,837	\$ 18,268,224
Capital Assets, net	97,663,947	\$ 72,632,863
Net Pension Asset	1,255,523	\$ 3,859,241
Other Assets, non-current	1,826,874	\$ 1,816,672
<b>Total Assets</b>	<u>121,465,182</u>	<u>\$ 96,577,000</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 3,949,835</u>	<u>\$ 2,942,878</u>
<b>Liabilities</b>		
Current Liabilities	6,400,786	\$ 5,707,619
Other Liabilities, non-current	12,372,108	\$ 14,794,802
<b>Total Liabilities</b>	<u>18,772,894</u>	<u>\$ 20,502,421</u>
<b>Deferred Inflows of Resources</b>	<u>8,181,782</u>	<u>\$ 8,469,526</u>
<b>Net Position</b>		
Net Investment in Capital Assets	93,590,836	70,389,390
Restricted for:		
Nonexpendable	-	10,000
Expendable		
Capital Projects	-	2,002,341
Pension Asset	1,255,523	3,859,241
Student Fees	4,094,764	4,101,458
Unrestricted	(480,782)	(9,814,499)
<b>Total Net Position</b>	<u>\$ 98,460,341</u>	<u>\$ 70,547,931</u>

**Current assets** consist primarily of cash, investments, various accounts receivables and inventories. The increase of \$2.45 million in current assets in FY 2023 can be attributed to increases in cash and cash equivalents and accounts receivable. Specifically, cash and cash equivalents increased approximately \$1.2 million primarily due to the receipt of Federal CARES related institutional grant funds and additional accumulation of restricted parking and building fund reserves. Accounts receivable increased approximately \$1.2 million as a result of capital allocations due from the Office of the State Treasurer for construction of the new Student Services and Instructional Building (SSIB).

**Net investment in capital assets** increased by approximately \$23.2 million in FY 2023 compared to the prior year. This increase was primarily due to accumulated construction work in process related to the construction of the new SSIB. The College received state funding for construction of the new SSIB in the 21-23 biennium, with completion of the building due in Spring 2024. Additional information on capital assets can be found in Note 6 to the financial statements.

**Non-current assets**, other than net capital assets and non-depreciable capital assets, have in the past usually consisted of the long-term portion of investments. In FY2022, a net pension asset of \$3.9 million was added to non-current assets, and the balance at FY2023 year end is \$1.2 million. The decrease of \$2.6 million is the result of investment activity as noted below. This net pension asset converted from a net pension liability in FY2021 due to net differences between projected and actual investment earnings on pension plan investments, or returns being greater than projected. Further information can be found in Note 14 – Retirement Plans.

**Deferred outflows of resources and deferred inflows of resources** represent deferrals in pension and postemployment benefits. The increase/decrease in deferred outflows reflect the College's proportionate share of an increase/decrease in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions.

The College recorded \$2,942,878 in FY2022 and \$3,949,835 in FY2023 of pension and postemployment-related deferred outflows. The increase of \$1 million reflects the change in proportionate share.

Similarly, the decrease of \$287k in deferred inflows in FY2023 reflects the decrease in difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits. The College recorded \$8,469,526 in FY2022 and \$8,181,782 in FY2023 of deferred inflows related to pension and postemployment-related plans.

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**Current liabilities** include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, the current portion of pension and OPEB liabilities, and unearned revenue. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements.

The approximately \$693k increase in current liabilities from FY 2022 to FY 2023 is primarily due to accruals related to the SSIB construction.

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**Non-current liabilities** primarily consist of the value of vacation and sick leave earned but not yet used by employees, pension and OPEB liabilities, and the long-term portion of Certificate of Participation (COP) debt. Non-current liabilities decreased by approximately \$2.4 million from FY2022 to FY2023 primarily due to decrease in proportionate share of pension liability.

**Net position** represents the value of the College's assets and deferred outflows after liabilities and deferred inflows are deducted. The College is required by accounting standards to report its net position in four categories:

**Net Investment in Capital Assets:**

The College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets. Changes in these balances are discussed above.

**Restricted:**

**Nonexpendable** – consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for spending but for investment purposes only. Historically, donors interested in establishing such funds to benefit the College or its students have chosen to do so through the Foundation. This year the college is reporting no endowments as the single endowment for \$10,000 in this category last year was transferred to the Foundation.

**Expendable** – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the College are institutional aid, student fees for technology purchases, student fees to service debt for the parking lot Certificate of Participation, and also student fees collected to fund the student portion of the new Student Services and Instructional Building.



**Unrestricted:**

Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management. Prudent balances are maintained for use as working capital, as a reserve against emergencies and for other purposes, in accordance with policies established by the Board of Trustees.

### Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's changes in total net position during FY 2023. The objective of the statement is to present the revenues earned, both operating and non-operating, and the expenses paid or incurred by the College, along with any other revenue, expenses, gains and losses of the College.

Generally, **Operating revenues** are earned by the College in exchange for providing goods and services. Tuition, grants and contracts are included in this category. In contrast, non-operating revenues include monies the college receives from another government without directly giving equal value to that government in return. Accounting standards require that the College categorize state operating appropriations and Pell Grants as non-operating revenues.

**Operating expenses** are expenses incurred in the normal operation of the College, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, the College shows an operating loss. The operating loss is reflective of the external funding necessary to keep tuition lower than the cost of the services provided.

A condensed comparison of the College's revenues, expense and changes in net position for the years ended June 30, 2023 and 2022 is presented on the following page:

**Grays Harbor College**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023 and 2022**

<b>Operating Revenues</b>	<b>2023</b>	<b>2022</b>
Student tuition and fees, net	1,785,292	3,350,999
Auxiliary enterprise sales	492,676	361,092
Grants and contracts	10,100,626	8,888,908
Other operating revenues	88,428	6,566
<b>Total operating revenues</b>	<b>12,467,021</b>	<b>12,607,565</b>
<b>Non-Operating Revenues</b>		
State appropriations	15,463,817	13,381,850
Federal grant revenue	6,272,760	2,137,296
Other non-operating revenues	120,325	1,457,037
<b>Total non-operating revenues</b>	<b>21,856,902</b>	<b>16,976,183</b>
<b>Total revenues</b>	<b>34,323,923</b>	<b>29,583,747</b>
<b>Operating Expenses</b>		
Salaries and Benefits	18,756,696	16,625,282
Scholarships	5,844,145	4,981,251
Depreciation	2,392,907	2,362,723
Other operating expenses	7,650,890	4,931,352
<b>Total operating expenses</b>	<b>34,644,637</b>	<b>28,900,607</b>
<b>Non-Operating Expenses</b>		
Building fee remittance	486,790	355,625
Other non-operating expenses	524,159	200,772
<b>Total non-operating expenses</b>	<b>1,010,949</b>	<b>556,397</b>
<b>Total expenses</b>	<b>35,655,586</b>	<b>29,457,005</b>
<b>Excess(deficiency)before capital contribut</b>	<b>(1,331,663)</b>	<b>126,743</b>
<b>Capital appropriations and contributions</b>	<b>29,244,073</b>	<b>2,362,733</b>
<b>Change in Net position</b>	<b>27,912,410</b>	<b>2,489,476</b>
<b>Net Position</b>		
Net position, beginning of year	70,547,931	68,058,454
<b>Net position, end of year</b>	<b>98,460,341</b>	<b>70,547,931</b>

## Revenues

The State of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college.

In FY 2023, compared to FY 2022, enrollment at the College improved slightly after the COVID shut down. However, tuition and fee revenue show a decrease due to increases in scholarships and discounts resulting from the application of Federal CARES (Covid 19-Relief) funds to pay down tuition and fee receivable balances for eligible consented students.

Pell grant revenues generally follow enrollment trends, therefore, a slight increase in Pell Grant revenue was recorded in FY 2023.

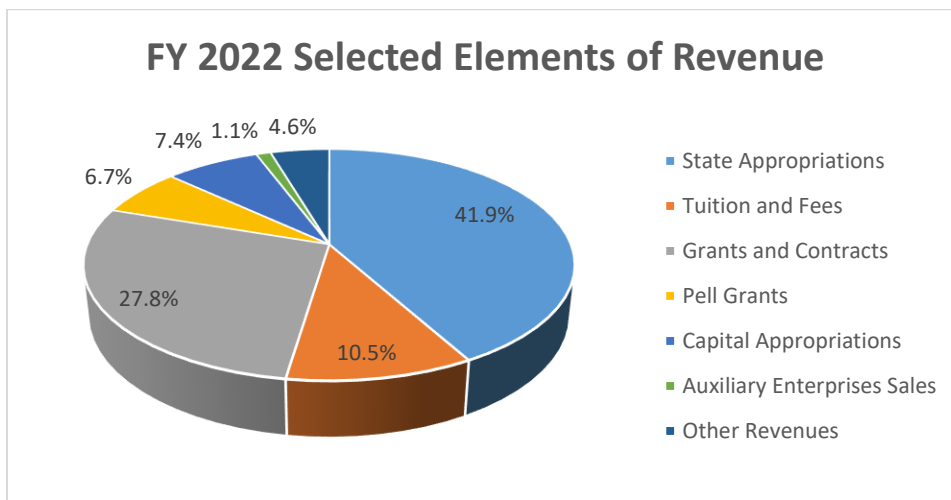
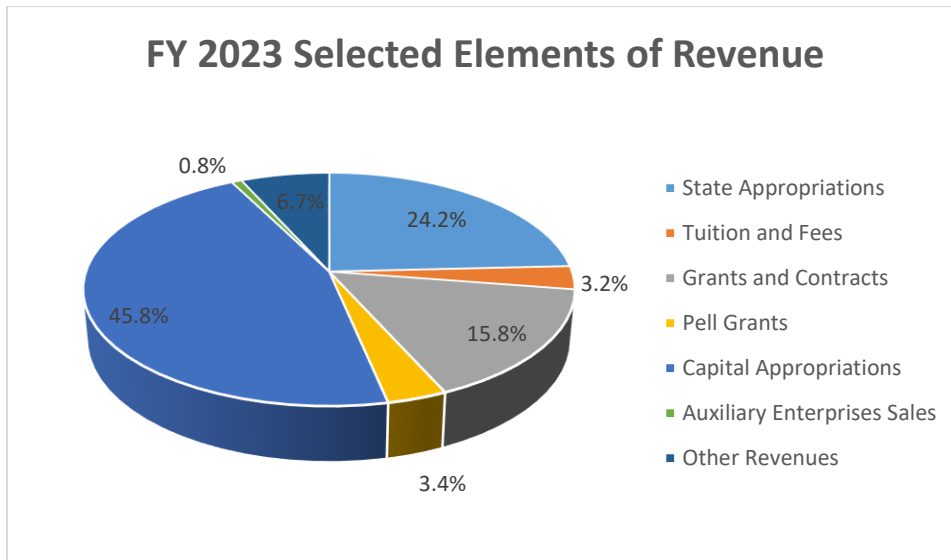
In FY 2023, grant and contract revenues increased by approximately \$1.2 million when compared with FY 2022. This is primarily due to increases in the use of both institutional and student portions of Federal CARES funds. The College continued to serve students under the terms of contracted programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses. The College also continues to contract with the Department of Corrections to provide educational programming to offenders housed in the Stafford Creek Correctional Institution.

The College receives capital spending authority on a biennial basis and may carry unexpended amounts forward into one or two future biennia, depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement is the amount expended in the current year. Expenses from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenses that meet the capitalization standard are not shown as expenses in the current period and are instead recognized as depreciation expense over the expected useful lifetime of the asset.

### **Comparison of Selected Elements of Revenue by Function**

The illustration below shows the amount in dollars and percentages for selected functional areas of revenues for FY2023 and FY2022:

<b>Revenues</b>	<b>FY2023 percent of total</b>		<b>FY2022 percent of total</b>	
State Appropriations	15,463,817	24%	13,381,850	42%
Student Tuition and Fees	1,785,292	3%	3,350,999	10%
Pell Grants	2,186,356	3%	2,137,296	7%
Grants & Contracts	10,100,626	16%	8,888,908	28%
Capital Appropriations	29,244,073	46%	2,362,733	7%
Auxiliary Enterprise Sales	492,676	1%	361,092	1%
Other Revenues	4,295,157	7%	1,463,603	5%
<b>Total</b>	<b>63,567,997</b>	<b>100%</b>	<b>31,946,481</b>	<b>100%</b>



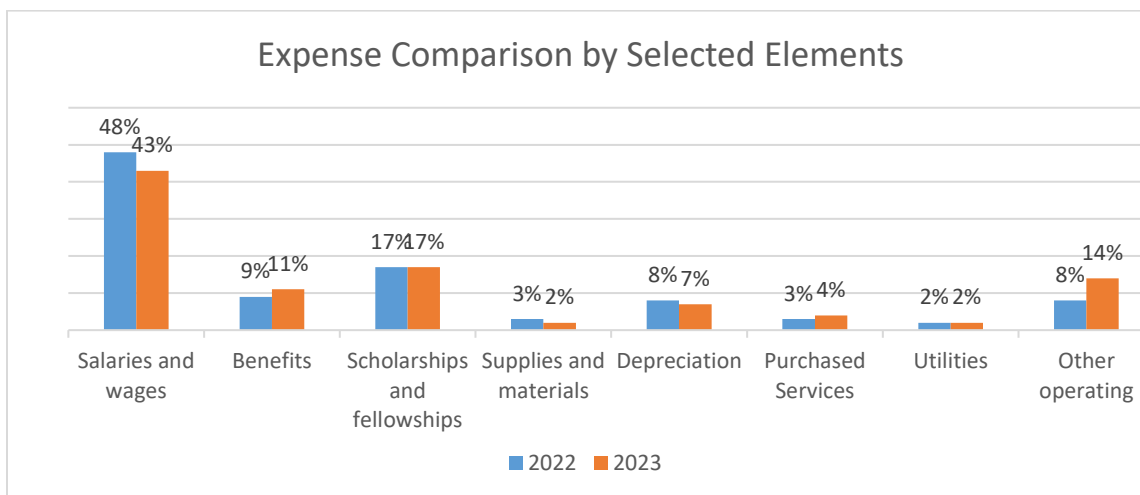
## Expenses

The College experienced expenditure savings from COVID related shut downs and remote operations in the prior year. However, in FY 2023, the College was fully opened for operations in-person. Therefore, there was increases in most categories of expenses resulting in an overall increase of approximately \$6 million in total expenditures in FY2023 compared with FY2022. Specifically, in FY2023, salary and benefits increased by \$2.1 million as a result of increases in grant personnel due to new grant award programs, cost of living adjustments and health insurance cost adjustments. Scholarships and fellowships increased about \$1.1 million due to increases in CARES fund disbursements, and other operating expenses increased approximately \$2.7 million primarily due to repairs and maintenance, purchased services and non-capitalized assets.

### Comparison of Selected Operating Expenses

Operating expenses, for FY23 and FY22 are noted below, by natural classification, with comparative percentages for both years.

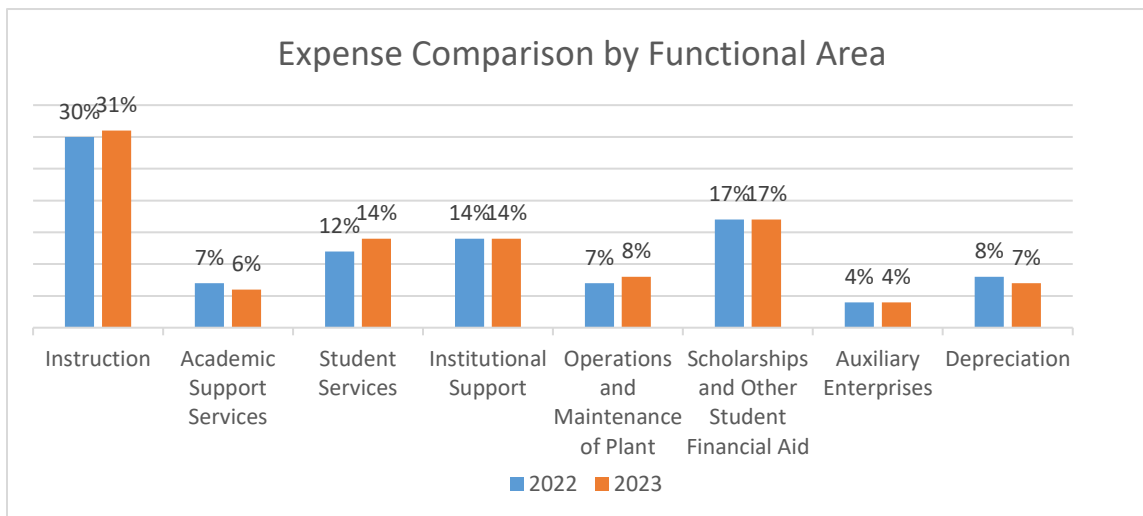
<b>Operating Expense</b>	<b>FY2023 percent of total</b>		<b>FY2022 percent of total</b>	
Salaries and wages	14,803,982	43%	13,901,864	48%
Benefits	3,952,714	11%	2,723,418	9%
Scholarships and fellowships	5,844,145	17%	4,981,251	17%
Supplies and materials	798,664	2%	963,065	3%
Depreciation	2,392,907	7%	2,362,722	8%
Purchased Services	1,220,947	4%	884,361	3%
Utilities	717,207	2%	645,728	2%
Other operating	4,914,072	14%	2,438,198	8%
<b>Total</b>	<b>34,644,637</b>	<b>100%</b>	<b>28,900,607</b>	<b>100%</b>



## Comparison of Selected Operating Expenses by Functional Area

Operating expenses for FY2023 and FY2022 are noted below by functional classification, with comparative percentages for each year.

Expenses by Functional Classification	FY2023	percent of total	FY2022	percent of total
Instruction	10,606,442	31%	8,558,522	30%
Academic Support Services	2,066,595	6%	2,116,530	7%
Student Services	5,013,378	14%	3,535,272	12%
Institutional Support	4,711,148	14%	4,124,664	14%
Operations and Maintenance of Plant	2,658,855	8%	1,993,650	7%
Scholarships and Other Student Financial Aid	5,844,145	17%	4,981,251	17%
Auxiliary Enterprises	1,351,167	4%	1,227,996	4%
Depreciation	2,392,907	7%	2,362,722	8%
<b>Total</b>	<b>34,644,637</b>	<b>100%</b>	<b>28,900,607</b>	<b>100%</b>



## Long-Term Debt Activities

The community and technical college system submits a single prioritized request to the Office of Financial Management and the Legislature for appropriated capital funds, which includes major projects, minor projects, repairs, emergency funds, alternative financing and major leases. The primary funding source for college capital projects is state general obligation bonds. In recent years, declining state revenues significantly reduced the state's debt capacity and are expected to continue to impact the number of new projects that can be financed. The College entered into its first Certificate of Participation (COP) of \$955,000 in FY19 that funded significant improvements to the upper parking lot on the main campus in Aberdeen. Revenue from a student fee increase in FY2018 has been accumulating to service the debt payments which started in FY19.

In February 2022 the College entered into a second COP of \$2,615,000 par value to fund certain portions of the SSIB building that will house Student Services functions. The COP debt payments are also serviced by a separate student approved fee that was enacted several years ago, with debt payments that began in June 2022.

At June 30, 2023, the College had \$3,365,000 in outstanding debt. This represents a decrease of \$115,000 from last year, as shown in the table below.

	June 30, 2023	June 20, 2022	Change
Certificates of Participation	3,365,000	3,480,000	(115,000)
<b>Total</b>	<b>\$ 3,365,000</b>	<b>\$ 3,480,000</b>	<b>\$ (115,000)</b>

## Capital Assets

At June 30, 2023, the College had an investment in capital assets of \$97,663,947 net of accumulated depreciation. This represents an increase of \$25 million from last year, as shown in the table below.

Asset Type	June 30, 2023	June 30, 2022	Change
Land	\$ 177,724	\$ 177,724	\$ -
Construction in Progress	\$ 34,866,091	\$ 7,827,216	\$ 27,038,875
Buildings, net	\$ 60,133,370	\$ 62,657,940	(2,524,570)
Other Improvements and Infrastructure, net	\$ 1,191,456	\$ 1,354,115	(162,659)
Equipment, net	\$ 1,142,642	\$ 456,080	686,562
Library Resources, net	\$ 152,663	\$ 159,787	(7,124)
<b>Total Capital Assets, Net</b>	<b>\$ 97,663,947</b>	<b>\$ 72,632,862</b>	<b>\$ 25,031,084</b>

The increase in net capital assets can be attributed to approximately \$27 million in construction expenditures for the new SSIB building, offset by \$2.4 million of depreciation expense, and the demolition of the old HUB student union building resulting in net reduction of \$392k which was recorded as a loss on disposal/renovation. The SSIB building is scheduled to replace the HUB building, with occupancy tentatively scheduled for Spring 2024. Construction of the new building was funded by the Legislature in the 21-23 biennium, with the College entering into a COP for partial funding. Additional information on capital assets can be found in Note 6 of the Notes to the Financial Statements.

Additional information of notes payable, long-term debt and debt service schedules can be found in Notes 11, 12 and 13 of the Notes to the Financial Statements.



## Economic Factors That May Affect the Future

The State Board for Community and Technical Colleges allocates out to each college/district funds received in the State's budget. The model is based on performance in several key indicators, from general enrollments to enrollments in high cost programs, as well as student completion and achievement points. The model is based on a three-year rolling average of enrollments and completions, comparative to other institutions in the state. Due to a continued decrease in enrollment, it is estimated that the College will likely see a decrease in state operating appropriations in future years.

In fiscal year 2021 the colleges received a significant increase in funding as a result of the Workforce Education Investment Act (E2SHB 2158). The bill created a new fund, the Workforce Education Investment Account. Appropriations from the account are supported by an increase in the Business and Occupation tax. These funds were allocated to the colleges as directed in the legislation. Most of these appropriations are budgeted to continue in fiscal year 2024. There were no other significant changes to the method of allocating funds to college districts. There were no other significant changes to the method of allocating funds to college districts.

As the College continues to be affected by the results of the COVID-19 pandemic, a significant decrease in enrollments has been experienced over the last few years, with a very slight increase in FY2023. While historically colleges have seen an increase in enrollments in times of higher unemployment, that has not been the trend the College has experienced in recent years. The College will continue efforts to closely examine budgets and identify opportunities to innovate instruction to attract more students.

Currently, Grays Harbor College is in a financially stable position, The overall solvency and liquidity position of the College has improved with sufficient cash flow and reserves to support its programs and services. The capital debt of the College is low with enough dedicated fee revenue stream and adequate reserve balance to service the debt obligation.

Overall reserves are sufficient to carry the college through at least 120 days of operations. Financial planning reflects available funds, realistic development of financial resources, and appropriate risk management to ensure the short and long-term solvency of the College, including anticipation of meeting all debt obligations. While the current financial position of the College is healthy, there is recognition of potential risks that the College is actively monitoring and addressing. Specifically, the College acknowledges the significant reliance on state funding that is in jeopardy facing declining state funded enrollments. Ongoing efforts to mitigate this risk include revenue diversification, such as implementing a new enrollment management plan and expanding grant funding. The College has successfully acquired several multiple year federal and state grants that

will provide focus on supporting outreach and recruitment efforts to assist in increasing enrollment.

The overall economic outlook for the State of Washington is positive, however national trends in the economy continue to weigh down specific sectors. The overall effect on the State of Washington's General Fund revenue collection still continues to be strong. The main sources of revenue for Legislative distributions to community colleges are higher than the assumptions that the legislature used when setting the 2023-25 biennial budget. Because of this, it is unlikely that the legislature will look at an overall budget cut for community colleges, and will likely have targeted increases for specific programs in the next few years.

Washington's personal income growth, which is the main factor in calculating future tuition increases, has grown faster than the country as a whole, and faster than the assumptions made by the legislature when creating the 2023-25 biennial budget. While the formula for tuition increases tends to downplay any individual year's personal income growth due to the large number of years factored into the calculation, overall the tuition collection environment statewide looks strong.

**GRAYS HARBOR COLLEGE**

**Statement of Net Position**

**June 30, 2023**

<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$	8,872,502
Restricted cash		4,084,764
Short-term investments		1,026,277
Accounts receivable		6,613,525
Inventories		107,847
Prepaid Expenses		13,921
<b>Total current assets</b>	<b>\$</b>	<b>20,718,837</b>
<b>Non-Current Assets</b>		
Long-term investments		1,826,874
Non-depreciable capital assets		35,043,815
Capital assets, net of depreciation		62,620,132
Net Pension Asset		1,255,523
<b>Total non-current assets</b>		<b>100,746,344</b>
<b>Total assets</b>	<b>\$</b>	<b>121,465,181</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions		2,767,613
Deferred outflows related to OPEB		1,182,222
<b>Total deferred outflows of resources</b>	<b>\$</b>	<b>3,949,835</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable		378,726
Accrued liabilities		5,439,421
Compensated absences, current portion		209,068
Unearned revenue		72,257
Certificates of participation payable, current portion		120,000
Net pension liability, current portion		35,828
Total OPEB liability, current portion		145,486
<b>Total current liabilities</b>	<b>\$</b>	<b>6,400,786</b>
<b>Non-Current Liabilities</b>		
Compensated absences		1,179,191
Certificates of participation		3,245,000
Unamortized COP Premium		708,111
Net pension liability		1,620,803
Total OPEB liability		5,619,003
<b>Total non-current liabilities</b>		<b>12,372,108</b>
<b>Total liabilities</b>	<b>\$</b>	<b>18,772,894</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions		2,531,305
Deferred inflows related to OPEB		5,650,477
<b>Total deferred inflows of resources</b>	<b>\$</b>	<b>8,181,782</b>
<b>Net Position</b>		
Net Investment in Capital Assets		93,590,836
Restricted for:		
Expendable		
Pension Asset		1,255,523
Student Fees		4,094,764
Unrestricted (deficit)		(480,782)
<b>Total Net Position</b>	<b>\$</b>	<b>98,460,341</b>

*The footnote disclosures are an integral part of the financial statements.*

**GRAYS HARBOR COLLEGE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2023**

<b>Operating Revenues</b>	
Student tuition and fees, net of scholarship discounts and allowances	\$ 1,785,292
Auxiliary enterprise sales	492,676
State and local grants and contracts	8,210,977
Federal grants and contracts	1,889,649
Other operating revenues	88,428
<b>Total operating revenue</b>	<b>\$ 12,467,021</b>
<b>Operating Expenses</b>	
Salaries and wages	14,803,982
Benefits	3,952,714
Scholarships and fellowships	5,844,145
Supplies and materials	798,664
Depreciation	2,392,907
Purchased services	1,220,947
Utilities	717,207
Software Licensing and Maintenance	197,950
Non-capitalized Equipment	899,941
Repairs and Maintenance	1,424,783
Infrastructure Upgrades/Repairs	516,866
Data Processing Services	231,935
Insurance	200,988
Other operating expenses	1,441,609
<b>Total operating expenses</b>	<b>34,644,637</b>
<b>Operating income (loss)</b>	<b>\$ (22,177,616)</b>
<b>Non-Operating Revenues (Expenses)</b>	
State appropriations	15,463,817
Federal Pell grant revenue	2,186,356
Federal non-operating revenue	4,086,404
Investment income, gains and losses	120,325
Building fee remittance	(397,600)
Innovation fund remittance	(89,190)
Gain (Loss) on asset disposal	(392,348)
Interest on indebtedness	(131,811)
<b>Net non-operating revenue (expenses)</b>	<b>\$ 20,845,952</b>
(Loss) before capital contributions	(1,331,663)
<b>Capital Contributions</b>	
Capital appropriations	29,244,073
<b>Increase (Decrease) in net position</b>	<b>27,912,410</b>
<b>Net Position</b>	
<b>Net position, beginning of year</b>	70,547,931
<b>Net position, end of year</b>	<b>\$ 98,460,341</b>

*The footnote disclosures are an integral part of the financial statements.*

**GRAYS HARBOR COLLEGE**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

<b>Cash flows from operating activities</b>	
Student tuition and fees	\$ 2,389,522
Grants and contracts	10,686,183
Payments to vendors	(1,239,628)
Payments for utilities	(717,207)
Payments to employees	(14,856,061)
Payments for benefits	(4,941,620)
Auxiliary enterprise sales	494,970
Payments for scholarships and fellowships	(5,844,145)
Other receipts	953,933
Other payments	(4,939,392)
Net cash used by operating activities	<u><b>(18,013,443)</b></u>
<b>Cash flows from noncapital financing activities</b>	
State appropriations	12,443,002
Pell grants	2,186,356
Other Federal non-operating revenue	4,086,404
Building fee remittance	(374,491)
Innovation fund remittance	(88,250)
Net cash provided by noncapital financing activities	<u><b>18,253,021</b></u>
<b>Cash flows from capital and related financing activities</b>	
Capital appropriations	29,241,506
Purchases of capital assets	(27,729,537)
Loss on disposal of capital assets	(392,348)
Principal paid on capital debt	(115,000)
Interest paid	(131,811)
Net cash used by capital and related financing activities	<u><b>872,810</b></u>
<b>Cash flows from investing activities</b>	
Purchase of investments	(20,985)
Income of investments	120,325
Net cash provided by investing activities	<u><b>99,340</b></u>
<b>Increase in cash and cash equivalents</b>	1,211,728
<b>Cash and cash equivalents at the beginning of the year</b>	<u>11,745,538</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u><b>12,957,266</b></u></u>
<b>Reconciliation of Operating Loss to Net Cash used by Operating Activities</b>	
<b>Operating Loss</b>	<u>(22,177,616)</u>
<b>Adjustments to reconcile net loss to net cash used by operating activities</b>	
Depreciation expense	2,392,907
<b>Changes in assets and liabilities</b>	
Receivables, net	2,090,893
Inventories	(30,590)
Other Assets	(25,320)
Accounts payable	(1,119,637)
Accrued liabilities	1,807,479
Unearned revenue	(33,306)
Compensated absences	101,632
Pension liability adjustment	(1,019,883)
Net cash used by operating activities	<u><b>\$ (18,013,443)</b></u>
<b>Significant Noncash Transactions</b>	<u>\$ -</u>
Loss on disposal of building	(392,348)
<i>The footnote disclosures are an integral part of the financial statements.</i>	

**Grays Harbor College Foundation  
A Washington Non-Profit Corporation**

**Statement of Financial Condition  
As of June 30, 2023**

**Assets**

**Current Assets:**

Cash and cash equivalents	1,470,144
Promises to give-current	122,184
<b>Total Current Assets</b>	<b>1,592,328</b>

**Other Assets:**

Pledges to give-net of current portion	58,000
Investments	13,736,722
Assets held for investment	45,410
Other long-term assets	37,420
<b>Total Other Assets</b>	<b>13,877,552</b>
<b>Total Assets</b>	<b>\$ 15,469,880</b>

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable	2,658
<b>Liabilities</b>	<b>2,658</b>

**Net Assets**

Without donor restrictions:	
Board designated	463,533
Undesignated	1,178,944
<b>Total Net Assets Without Donor Restrictions</b>	<b>1,642,477</b>

With donor restrictions

Restricted for specified purpose	7,037,085
Restricted in perpetuity	6,787,660
<b>Total Net Assets With Donor Restrictions</b>	<b>13,824,745</b>
<b>Total Net Assets</b>	<b>15,467,222</b>

<b>Total Liabilities and Net Assets</b>	<b>\$ 15,469,880</b>
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*The footnote disclosures are an integral part of the financial statements.*

**Grays Harbor College Foundation**  
**A Washington Non-Profit Corporation**

**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2023**

	Without Donor		With Donor Restrictions		Total
	Restrictions	Specified Purpose	In Perpetuity		
<b>Support and Revenue:</b>					
Gifts and Contributions	\$ 26,886	\$ 504,830	\$ 281,441	\$ 813,157	
Investment income (loss)	112,533	1,260,623	-	1,373,156	
Special event revenue-net	527,465	5,111	-	532,576	
In-kind contributions	220	17,842	-	18,062	
Other income	4,563	-	-	4,563	
Loss on prior year promises to give	-	-	-	-	
Net assets released from restrictions-satisfied by expenditures for specific purpose	1,279,419	(1,279,419)	-	-	
<b>Total Support and Revenue</b>	<b>1,951,086</b>	<b>508,987</b>	<b>281,441</b>	<b>2,741,514</b>	
<b>Expenses:</b>					
Program Services					
Awards, grants and scholarships	959,129	-	-	959,129	
Other college support	389,037	-	-	389,037	
Total Program Services	1,348,166	-	-	1,348,166	
Management and General	81,108	-	-	81,108	
Fundraising	39,107	-	-	39,107	
<b>Total Expenses</b>	<b>1,468,381</b>	<b>-</b>	<b>-</b>	<b>1,468,381</b>	
<b>Increase (Decrease) in Net Assets</b>	<b>482,705</b>	<b>508,987</b>	<b>281,441</b>	<b>1,273,133</b>	
Net Assets, Beginning of Year	1,182,206	6,505,664	6,506,219	14,194,089	
Reclassifications	(22,434)	22,434	-	-	
<b>Net Assets, End of Year</b>	<b>\$ 1,642,477</b>	<b>\$ 7,037,085</b>	<b>\$ 6,787,660</b>	<b>\$ 15,467,222</b>	

*The footnote disclosures are an integral part of the financial statements.*

**Grays Harbor College Foundation  
A Washington Non-Profit Corporation**

**Statement of Functional Expenses  
For the Year Ended June 30, 2023**

<b>Expenses:</b>	<b>Program Services</b>			<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Awards, Grants and Scholarships</b>	<b>Other College Support</b>	<b>Total Program Services</b>			
Grants and allocations	\$ 932,369	\$ 369,484	\$ 1,301,853	\$ -	\$ -	\$ 1,301,853
Salaries, wages, and benef	26,760	19,553	46,313	31,496	39,107	116,916
Insurance	-	-	-	2,377	-	2,377
Office Supplies	-	-	-	18,612	-	18,612
In-kind expense	-	-	-	18,062	-	18,062
Miscellaneous	-	-	-	3,761	-	3,761
Professional fees	-	-	-	6,800	-	6,800
<b>Total Expenses</b>	<b>\$ 959,129</b>	<b>\$ 389,037</b>	<b>\$ 1,348,166</b>	<b>\$ 81,108</b>	<b>\$ 39,107</b>	<b>\$ 1,468,381</b>

*The footnote disclosures are an integral part of the financial statements.*



**Grays Harbor College Foundation**  
**A Washington Non-Profit Corporation**

**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	\$ 1,273,133
Change in Net Assets	
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
(Gain) loss on investments	(1,074,778)
Dividends and interest reinvested in investments	(377,360)
Contributions and earning restricted for investment in endowments	(281,441)
Noncash income-limited partnership	(1,624)
(Increase) Decrease in promises to give	(151,614)
Increase (Decrease) in accounts payable	2,658
<b>Net Cash Provided (Used) By Operating Activities</b>	<b><u>(611,026)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales of investments	3,698,501
Purchase of investments	(2,977,571)
<b>Net Cash Provided (Used) By Investing Activities</b>	<b><u>720,930</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Paycheck protection program loan proceeds	-
Contributions and earnings restricted for investment in endowments	281,441
<b>Net Cash Provided (Used) By Financing Activities</b>	<b><u>281,441</u></b>
<b>Net Increase (Decrease) in Cash</b>	<b>391,345</b>
Cash, Beginning of Year	<u>1,078,799</u>
<b>Cash, End of Year</b>	<b><u><u>\$ 1,470,144</u></u></b>
Interest paid during the year	<u>\$ -</u>

*The footnote disclosures are an integral part of the financial statements.*

## Notes to the Financial Statements

June 30, 2023

These notes form an integral part of the financial statements.

### Note 1 - Summary of Significant Accounting Policies

#### **Financial Reporting Entity**

Grays Harbor College (the College) is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community services. The College confers applied baccalaureate degrees, associate degrees, certificates and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the state Senate. The College is an agency of the State of Washington. The financial activity of the college is included in the State's Annual Comprehensive Financial Report. These notes form an integral part of the financial statements.

The Grays Harbor College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1963 and recognized as a tax-exempt 501(c)(3) charity. The Foundation's charitable purpose is to support the students and mission of Grays Harbor College. Because the majority of the Foundation's income and resources are restricted by donors and may only be used for the benefit of the college or its students, the Foundation is considered a component unit based on the criteria contained in Generally Accepted Accounting Principles (GAAP). A discrete component unit is an entity that is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation's financial statements are discretely presented in this report. The Foundation's statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. During the fiscal year ended June 30, 2023, the Foundation distributed approximately \$959,129 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at Grays Harbor College, 1620 Edward P. Smith Drive, Aberdeen WA, 360-538-4243.

#### **Basis of Presentation**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The College follows the "business-type activities" reporting requirements of GAAP, Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities. For financial reporting purposes, the College is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial

Statements. The format provides a comprehensive, entity-wide perspective of the college's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

### **Basis of Accounting**

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows. For the financial statements, intra-agency receivables and payables have generally been eliminated. However, revenues and expenses from the College's auxiliary enterprises are treated as though the College were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

Non-exchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange, includes state and federal appropriations, and certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash, Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand and bank demand deposits. Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes. Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets. The College records all cash, cash equivalents and investments at fair value.

### **Accounts Receivable**

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. This also includes amounts due from federal, state and local governments or private sources as allowed under the terms of grants and contracts. Accounts receivable are shown net of estimated uncollectible amounts.

### **Inventories**

Inventories consisting of merchandise for resale in the college bookstore and course-related supplies, are valued at cost using FIFO, or first in first out.

## **Capital Assets**

In accordance with state law, capital assets constructed with state funds are owned by the State of Washington. Property titles are shown accordingly. However, responsibility for managing the assets rests with the College. As a result, the assets are included in the financial statements because excluding them would have been misleading.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. GAAP guidance was followed concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, all land, intangible assets and software with a unit cost of \$1,000,000 or more, buildings and improvements with a unit cost of \$100,000 or more, library collections with a total cost of \$5,000 or more and all other assets with a unit cost of \$5,000 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and land improvements.

The college reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2023, no assets had been written down.

## **Unearned Revenues**

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer quarter tuition and fees, and when applicable advanced grant proceeds, as unearned revenues.

## **Tax Exemption**

The College is a tax-exempt organization under the provisions of Section 115 (1) of the Internal Revenue Code and is exempt from federal income taxes on related income. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

## **Pension Liability**

For purposes of measuring the net pension liability in accordance with GAAP, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The College also reports its share of the net pension liability for the State Board Retirement Plan in accordance with GAAP.

### **OPEB Liability**

The College reports its share of Postemployment Benefits Other than Pensions (OPEB) liability according to the related reporting requirements in GAAP. The requirements require the College to recognize its proportionate share of the state's actuarially determined OPEB liability with a one-year lag measurement.

### **Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period.

Deferred outflows related to pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed period of time. Deferred inflows related to pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized in the same manner as deferred outflows.

Deferred outflows and inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the college's proportionate share of pension liabilities. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Employer transactions to pension plans made subsequent to the measurement date are also deferred and reduce pension liabilities in the subsequent year.

The portion of differences between expected and actual experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and changes in the college's proportionate share of OPEB liability that are not recognized in OPEB expense should be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Differences between projected and actual earning on OPEB plan investments that are not recognized in OPEB expense should be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Employer contributions to the OPEB plan subsequent to the measurement date of the collective OPEB liability should be recorded as deferred outflows of resources related to OPEB.

## Net Position

The College's net position is classified, as follows:

**Net investment in Capital Assets** – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

**Restricted net position, Expendable** – These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties, including pension assets, capital projects and student funds. The restricted net position is equal to the net pension asset, and other funds specified as restricted net position. Both deferred inflows and deferred outflows are excluded from the calculation.

**Unrestricted net position** – These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

## Classification of Revenues and Expenses

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating Revenues.* This includes activities that are directly related to the principal operations of the College, such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) federal, state and local grants and contracts that primarily support the operational/educational activities of the colleges. Examples include a contract with OSPI to offer Running Start and/or Technical High School. The college also receives Adult Basic Education grants that support the primary educational mission of the college.

*Operating Expenses.* Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation.

*Non-operating Revenues.* This includes activities that are not directly related to the ongoing operations of the College, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government. In FY23 non-operating revenues also included funds received through the federal CARES act.

*Non-operating Expenses.* Non-operating expenses include state remittances related to the building fee and the innovation fee, along with interest incurred on the Certificate of Participation Loans.

## Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or

non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2023 are \$2,346,634.

### **State Appropriations**

The State of Washington appropriates funds to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the Statements of Revenues, Expenses, and Changes in Net Position, and recognized as such when the related expenses are incurred.

### **Building and Innovation Fee Remittance**

Tuition collected includes amounts remitted to the Washington State Treasurer's office to be held and appropriated in future years. The Building Fee portion of tuition charged to students is an amount established by the Legislature and is subject to change annually. The fee provides funding for capital construction and projects on a system wide basis using a competitive biennial allocation process. The Building Fee is remitted on the 35th day of each quarter. The Innovation Fee was established in order to fund the State Board of Community and Technical College's Strategic Technology Plan. The use of the fund is to implement new ERP software across the entire system. On a monthly basis, the College's remits the portion of tuition collected for the Innovation Fee to the State Treasurer for allocation to SBCTC. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the statement of revenues, expenses and changes in net position.

## **Note 2 - Accounting and Reporting Changes**

### **Accounting Standards Impacting the Future**

In June 2022, GASB issued GASB Statement No. 100, Accounting Changes and Error Corrections, which prescribes the accounting and reporting for each type of accounting change and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The College will adopt this standard in fiscal year 2024 and has not fully determined the impact of implementing GASB Statement No. 100.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective FY24. It provides guidance for measuring liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of

the liabilities. The college is following the State’s Office of Financial management directives to prepare for the implementation of this Statement.

In April 2022, GASB issued GASB Statement No. 99, Omnibus 2022, which was issued to enhance comparability in accounting and financial reporting in various areas including derivatives, leases, public-private and public-public partnerships, subscription-based information technology arrangements, as well as others. The College will adopt this statement in line with the dates as outlined in the standard, which varies depending on the applicable paragraph beginning in fiscal year 2022 through fiscal year 2024. The College has not fully determined the impact of implementing GASB Statement No. 99 will have on its financial statements.

### Note 3 - Deposits and Investments

#### Deposits

Cash and cash equivalents include bank demand and time deposits and petty cash held at the College.

As of June 30, 2023, the carrying amount of the College’s cash and equivalents was \$12,957,266 as represented in the table below.

<b>Cash and Cash Equivalents</b>	<b>June 30, 2023</b>
Petty Cash and Change Funds	\$ 6,500
Bank Demand and Time Deposits	12,950,766
<b>Total Cash and Cash Equivalents</b>	<b>\$ 12,957,266</b>

Cash and cash equivalents include restricted cash and cash equivalents of \$4,084,764 at June 30, 2023. The majority of the restricted balances comes from the collection of student self-assessed fees for their contribution towards the construction of the new Student Services and Instructional Building (SSIB).

#### Custodial Credit Risks—Deposits

Custodial credit risk for demand deposits is the risk that in the event of a bank failure, the College’s demand deposits may not be returned. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the by the Washington Public Deposit Protection Commission (PDPC). All of the College’s demand deposits are with The Bank of the Pacific.



## Investments

### Investments – Operating Funds

Investments consist of time certificates of deposit. Time certificates of deposit have repurchase agreements with the respective financial institutions.

Fair value measurement is based on the assumptions that market participants would use in pricing the asset. The three levels of the fair value hierarchy are described as:

Level 1 – Quoted market prices: Unadjusted quoted prices available in active markets for identical assets or liabilities.

Level 2 – Observable inputs: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities: or

Level 3 – Unobservable inputs that are significant to the fair value measurement.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. All of the College’s investments fall within Level 1.

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Time Certificate of Deposits	2,853,151	1,026,277	1,826,874	-	-
<b>Total Investments</b>	<b>2,853,151</b>	<b>1,026,277</b>	<b>1,826,874</b>	<b>-</b>	<b>-</b>

### **Interest Rate Risk—Investments**

The College manages its exposure to interest rate changes by limiting the duration of investments to mature at various points in time. Current procedure is that no investment may exceed 60 months.

### **Concentration of Credit Risk—Investments**

State law limits College operating investments to the highest quality sectors of the domestic fixed income market and specifically excludes corporate stocks, corporate and foreign bonds, futures contracts, commodities, real estate, limited partnerships and negotiable certificates of deposit. College policy does not limit the amount the College may invest in any one issuer.

### **Custodial Credit Risk—Investments**

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2023, \$2,603,151 (fair value less \$250,000 in FDIC insurance coverage) of the College's operating fund investments, held by Bank of the Pacific, are exposed to custodial credit risk as follows:

<b>Investment Type</b>	<b>Investments Exposed to Custodial Risk-Maturities in years</b>				
	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>	<b>More than 10</b>
Time Certificate of Deposits	2,853,151	1,026,277	1,826,874	-	-
<b>Total Investments</b>	<b>2,853,151</b>	<b>1,026,277</b>	<b>1,826,874</b>	-	-

#### Note 4 - Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, and amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenses made according to sponsored agreements. At June 30, 2023, accounts receivable were as follows:

<b>Accounts Receivable</b>	<b>Amount</b>
Student Tuition and Fees	\$ 416,023
Due from the Federal Government	228,179
Due from Other State Agencies	4,891,057
Other	1,117,330
Subtotal	6,652,589
Less Allowance for Uncollectible Accounts	(39,064)
<b>Accounts Receivable, net</b>	<b>\$ 6,613,525</b>

#### Note 5 – Inventories

Inventories as of June 30, 2023, were as follows:

<b>Inventories</b>	<b>Method</b>	<b>Amount</b>
Merchandise Inventories (FIFO)		107,847
<b>Inventories</b>		<b>\$ 107,847</b>

## Note 6 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2023 is presented as follows. The current year depreciation expense was \$2,392,907.

<b>Capital Assets</b>	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Capital assets, non-depreciable</b>				
Land	\$ 177,724	\$ -	\$ -	\$ 177,724
Construction in progress	7,827,216	27,038,874	-	34,866,090
<b>Total capital assets, non-depreciable</b>	<b>8,004,940</b>	<b>27,038,874</b>	<b>-</b>	<b>35,043,814</b>
<b>Capital assets, depreciable</b>				
Buildings	90,837,894	-	(985,715)	89,852,179
Other improvements and infrastructure	2,115,236	-	-	2,115,236
Equipment	2,927,712	815,586	(67,359)	3,675,939
Library resources	300,422	29,236	(48,337)	281,321
<b>Total capital assets, depreciable</b>	<b>96,181,264</b>	<b>844,822</b>	<b>(1,101,411)</b>	<b>95,924,675</b>
<b>Less accumulated depreciation</b>				
Buildings	28,179,954	2,132,222	(593,367)	29,718,809
Other improvements and infrastructure	761,121	162,658	-	923,779
Equipment	2,471,631	61,665	-	2,533,296
Library resources	140,634	36,360	(48,337)	128,657
<b>Total accumulated depreciation</b>	<b>31,553,340</b>	<b>2,392,907</b>	<b>(641,704)</b>	<b>33,304,541</b>
<b>Total capital assets, depreciable, net</b>	<b>64,627,924</b>	<b>(1,548,085)</b>	<b>(459,707)</b>	<b>62,620,132</b>
<b>Capital assets, net</b>	<b>\$ 72,632,862</b>	<b>\$ 25,490,789</b>	<b>\$ (459,707)</b>	<b>\$ 97,663,947</b>

## Note 7 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2023, were as follows:

<b>Accounts Payable and Accrued Liabilities</b>	<b>Amount</b>
Amounts Owed to Employees	\$ 443,449
Accounts Payable	378,726
Payroll liabilities	1,348,799
Due to Other Agencies	356,796
Other payables	3,290,375
<b>Total</b>	<b>\$ 5,818,145</b>

## Note 8 - Unearned Revenue

Unearned revenue at June 30, 2023 is comprised of receipts which have not yet met revenue recognition criteria, as follows:

<b>Unearned Revenue</b>	<b>Amount</b>
Summer Quarter Tuition & Fees	\$ 72,257
Total Unearned Revenue	\$ 72,257

## Note 9 - Risk Management

The College is exposed to various risk of loss related to tort liability, injuries to employees, errors and omissions, theft of, damage to, and destruction of assets, and natural disasters. The College purchases insurance to mitigate these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks.

The College purchases commercial property insurance through the master property program administered by the Department of Enterprise Services for buildings that were acquired with COP proceeds. The policy has a deductible of \$250,000 per occurrence and the policy limit is \$100,000,000 per occurrence. The college has had no claims in excess of the coverage amount within the past three years. The College assumes its potential property losses for most other buildings and contents.

The College participates in a State of Washington risk management self-insurance program, which covers its exposure to tort, general damage and vehicle claims. Premiums paid to the State are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. Coverage is provided up to \$10,000,000 for each claim with no

deductible. The college has had no claims in excess of the coverage amount within the past three years.

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. The college finances these costs by assessing all funds a monthly payroll expense for unemployment compensation for all employees. Payments made for claims from July 1, 2022 through June 30, 2023, were \$17,195.

### Note 10 - Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled \$849,516 and accrued sick leave totaled \$538,743 at June 30, 2023.

Accrued annual and sick leave are categorized as non-current liabilities, with the current portion listed separately on the financial statements.

### Note 11 - Notes Payable

In February 2022 the College obtained financing for partial funding of the new SSIB building, planned as a replacement for the HUB Building. The financing was through a Certificate of Participation (COP), issued by the Washington Office of the State Treasurer (OST), in the amount of \$2,615,000. The students assessed themselves, on a quarterly basis, a mandatory fee to service the debt starting in FY2022. The interest rate charged on the COP is 2.71%.

In 2018, the College obtained financing in order to renovate the upper campus parking lot, through a COP, issued by the OST in the amount of \$955,000. The students assessed themselves, on a quarterly basis, a mandatory fee to service the debt starting in 2019. The interest rate charged is 3.35725%.

Student fees related to the COPs are accounted for in dedicated funds, which are used to pay principal and interest.

The College's debt service requirements for this note agreement for the next four years and thereafter are as follows in Note 12.

## Note 12 - Annual Debt Service Requirements

Future debt service requirements at June 30, 2023 are as follows:

<b>Certificates of Participation</b>			
<b>Fiscal year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	120,000	165,250	285,250
2025	120,000	159,250	279,250
2026	130,000	153,000	283,000
2027	135,000	146,375	281,375
2028	145,000	139,375	284,375
2029-2033	830,000	579,500	1,409,500
2034-2038	1,060,000	344,250	1,404,250
2039-2042	825,000	78,875	903,875
<b>Total</b>	<b>\$ 3,365,000</b>	<b>\$ 1,765,875</b>	<b>\$ 5,130,875</b>

## Note 13 - Schedule of Long-Term Liabilities

	<b>Balance outstanding</b>			<b>Balance outstanding</b>		<b>Current portion</b>
	<b>6/30/22</b>	<b>Additions</b>	<b>Reductions</b>	<b>6/30/23</b>		
Certificates of Participation	\$ 3,480,000	\$ -	\$ 115,000	\$ 3,365,000	\$ 120,000	
COP Premium	\$ 747,425	\$ -	\$ 39,314	\$ 708,111	\$ 39,314	
Compensation absences	1,286,627	491,869	390,236	1,388,259	209,068	
Net pension liability	1,145,194	2,344,383	1,832,946	1,656,631	35,828	
Total OPEB liability	8,604,826	2,524,267	5,364,604	5,764,489	145,486	
<b>Total</b>	<b>\$ 15,264,072</b>	<b>\$ 5,360,519</b>	<b>\$ 7,742,100</b>	<b>\$ 12,882,490</b>	<b>\$ 549,696</b>	

## Note 14 - Retirement Plans

### A. General

The College offers three contributory pension plans: the Washington State Public Employees' Retirement System (PERS), the Washington State Teachers' Retirement System (TRS), and the State Board Retirement Plan (SBRP). PERS and TRS are cost sharing multiple-employer defined-benefit pension plans administered by the Washington State Department of Retirement Systems

(DRS). The State Board Retirement Plan (SBRP) is a defined contribution single employer pension plan with a supplemental payment when required. The SBRP is administered by the State Board for Community and Technical Colleges (SBCTC) and available to faculty, exempt administrative and professional staff of the state’s public community and technical colleges. The College reports its proportionate share of the net pension liability as it is a part of the community and technical college system.

**Basis of Accounting**

Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of all plans, and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

The College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities per GAAP. The College has elected to use the current fiscal year end as the measurement date for reporting pension liabilities for the Higher Education Supplemental Retirement Plan.

The following table represents the aggregate pension amounts for the PERS, TRS, and SBRP plans for fiscal year 2023:

<b>Aggregate Pension Amounts - All Plans</b>		
Net Pension Assets	\$	1,255,523
Net Pension Liabilities	\$	1,656,631
Deferred outflows of resources related to pensions	\$	2,767,613
Deferred inflows of resources related to pensions	\$	(2,531,305)
Pension Expense	\$	(159,494)

**Department of Retirement Systems**

As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.



The DRS administered systems are comprised of 12 defined benefit pension plans and three defined benefit/ defined contribution plans. Below are the DRS plans that the College participates in:

- Public Employees' Retirement System (PERS)
  - Plan 1 - defined benefit
  - Plan 2 - defined benefit
  - Plan 3 - defined benefit/defined contribution
- Teachers' Retirement System (TRS)
  - Plan 1 - defined benefit
  - Plan 2 - defined benefit
  - Plan 3 - defined benefit/defined contribution

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS and TRS plans is funded by an employer rate of 0.18 percent of employee salaries.

Pursuant to RCW 41.50.770, the College offers its employees that elect to participate a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report that is compliant with the requirements of GAAP. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at <https://www.drs.wa.gov/wp-content/uploads/2021/06/2022-ACFR.pdf>.

## **Higher Education**

As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (funded on a pay-as-you-go basis) which is administered by the state.

### **B. College Participation in Plans Administered by the Department of Retirement Systems**

#### **PERS**

Plan Description. The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes elected officials; state employees; employees of the Supreme Court, Court of Appeals, and Superior

Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002 have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

Benefits Provided. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. The AFC is the average of the member's 24 highest consecutive service months.

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months.

PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. PERS Plan 3 members have the option to retire early with reduced benefits. PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

Contributions. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS covered employment.

## **TRS**

Plan Description. The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the Legislature. Eligibility for membership requires service as a certificated public-school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

TRS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996, are members of TRS Plan 3. Legislation passed in 2007 gives TRS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to

become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 3.

Benefits Provided. TRS plans provide retirement, disability, and death benefits to eligible members.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. TRS Plan 3 members have the option to retire early with reduced benefits.

TRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

### **Contributions**

PERS and TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

Members in PERS or TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS or TRS-covered employment.

The employer contribution rates (expressed as a percentage of covered payroll) and actual contributions for the year ended June 30, 2023, were as follows:

	PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rates at close of FY23	10.39%	10.39%	14.69%	14.69%
Actual Contributions	\$ 173,215	\$ 287,973	\$ 124,801	\$ 156,368

\* Plan 2/3 employer rate includes a component to address the Plan 1 unfunded actuarial accrued liability

### Actuarial Assumptions

The net pension liability was determined by an actuarial valuation as of June 30, 2021, with the results rolled forward to the June 30, 2022, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25%
Investment rate of return	7.00%

Mortality rates were based on the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is active, retiree or survivor), as our base table. The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the *2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

The Office of the State Actuary (OSA) selected a 7.00 percent long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the WSIB.

The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%
<b>Total</b>	<b>100%</b>	

The inflation component used to create the above table is 2.20 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms, or methods for the reporting period.

**Discount rate**

The discount rate used to measure the net pension liability was 7.00 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan’s fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00 percent on pension plan investments was applied to determine the net pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the net pension liability of the College calculated using the discount rate of 7.00 percent, as well as what the College’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

<b>Pension Plan</b>	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
PERS 1	934,284	699,322	494,254
PERS 2/3	1,429,944	(1,214,255)	(3,386,631)
TRS 1	537,717	395,999	272,119
TRS 2/3	747,643	(41,268)	(682,641)

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Net Pension Liabilities/Assets. As of June 30, 2023, refer to the tables below for the individual plans' proportionate shares of net pension (assets) or net pension liabilities.

	<b>Liability(Asset)</b>
PERS 1	699,321
PERS 2/3	(1,214,255)
TRS 1	395,999
TRS 2/3	(41,268)

The College's proportionate share of net pension liabilities (assets) for fiscal years ending June 30, 2021 and June 30, 2022 for each retirement plan are listed below:

<b>Pension Plan</b>	<b>2021</b>	<b>2022</b>	<b>Change</b>
PERS 1	0.025321%	0.025116%	-0.000205%
PERS 2/3	0.032522%	0.032740%	0.000218%
TRS 1	0.022429%	0.020822%	-0.001607%
TRS 2/3	0.022538%	0.020971%	-0.001567%

The College's proportion of the net pension liability (asset) was based on a projection of the College's long-term share of contributions to the pension plan to the projected contributions of all participating state agencies, actuarially determined.

Pension Expense. For the year ended June 30, 2023, the College recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$ 314,635
PERS 2/3	(410,461)
TRS 1	195,865
TRS 2/3	(1,201)
<b>Total</b>	<b>98,838</b>

Deferred Outflows of Resources and Deferred Inflows of Resources. The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2023:

	<b>PERS 1</b>	
	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	115,898
Changes of assumptions	-	-
Changes in College's proportionate share of net pension liabilities	-	-
Contributions subsequent to the measurement date	173,215	-
<b>Totals</b>	<b>\$ 173,215</b>	<b>\$ 115,898</b>

	<b>PERS 2/3</b>	
	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	300,864	27,488
Difference between expected and actual earnings of pension plan investments	-	897,708
Changes of assumptions	676,779	177,205
Changes in College's proportionate share of net pension liabilities	28,401	80,772
Contributions subsequent to the measurement date	287,973	-
<b>Totals</b>	<b>\$ 1,294,017</b>	<b>\$ 1,183,173</b>



	TRS 1	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	-	-
Difference between expected and actual earnings of pension plan investments	-	70,958
Changes of assumptions	-	-
Changes in College's proportionate share of net pension liabilities	-	-
Contributions subsequent to the measurement date	124,801	-
<b>Totals</b>	<b>\$ 124,801</b>	<b>\$ 70,958</b>

	TRS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	205,622	4,147
Difference between expected and actual earnings of pension plan investments	-	218,269
Changes of assumptions	232,487	25,285
Changes in College's proportionate share of net pension liabilities	69,145	1,396
Contributions subsequent to the measurement date	156,368	-
<b>Totals</b>	<b>\$ 663,622</b>	<b>\$ 249,097</b>

The \$2,255,607 reported as deferred outflows of resources represent the deferred outflows subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	PERS 1	PERS 2/3	TRS 1	TRS 2/3
2024	(49,046)	(284,870)	(30,085)	(31,608)
2025	(44,546)	(260,476)	(27,353)	(22,410)
2026	(55,882)	(309,133)	(34,401)	(41,723)
2027	33,576	397,770	20,881	132,549
2028	-	137,875	-	60,213
Thereafter	-	141,706	-	161,135
<b>Total Net Deferred (Inflows)/Outflows</b>	<b>\$ (115,898) \$</b>	<b>(177,128) \$</b>	<b>(70,958) \$</b>	<b>258,156</b>

## C. College Participation in Plan Administered by the State Board for Community and Technical Colleges

### State Board Retirement Plan (SBRP) – Supplemental Defined Benefits Plans

Plan Description. The State Board Retirement Plan is a privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee’s retirement date. The supplemental component is financed on a pay-as-you-go basis. The College participates in this plan as authorized by chapter 28B.10 RCW and reports its proportionate share of the net pension liability. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangement. As a result, this plan has been reported under GASB Statement No. 67/68 since FY21. Prior to that, the SRP was reported under GASB Statement No. 73.

Benefits Provided. The State Board Supplemental Retirement Plans (SRP) provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all the Supplemental Retirement Plans were closed to new entrants.

Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The supplemental benefit is a lifetime benefit equal to the amount a member’s goal income exceeds their assumed income. The monthly goal income is the one-twelfth of 2 percent of the member’s average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of fifty percent of the member’s average annual salary). The member’s assumed income is an annuity benefit the retired member would receive from their defined contribution Retirement Plan benefit in the first month of retirement had they invested all employer and member contributions equally between a fixed income and variable income annuity investment.

Plan members have the option to retire early with reduced benefits.

Actuarial Assumptions. The net pension liability was determined by an actuarial valuation as of January 1, 2023, with the results rolled forward to the June 30, 2023, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

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Salary increases 3.50%-4.00%

Fixed Income and Variable Income Investment Returns\* N/A

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*\*Measurement reflects actual investment returns through June 30, 2020*

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Mortality rates were developed using the Society of Actuaries’ Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary applied age offsets as appropriate to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under “generational” mortality”, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Most actuarial assumptions used in the January 1, 2023, valuation were based on the results of the August 2021 Supplemental Plan Experience Study. Additional assumptions related to the salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes. Changes in methods and assumptions that occurred between the measurement of the June 30, 2022 NPL and the June 30, 2023 NPL are as follows:

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.
- OSA updated annuity conversion assumptions for the TIAA investments based on input from TIAA and professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00/4.00 percent

Discount Rate. The discount rate used to measure the net pension liability was based on the 2021 Economic experience study for the Washington State retirement plans and based on the results of the GASB 67/68 required crossover test, or 7.0 percent for the June 30, 2023, measurement date.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2023 were each \$580,813.

Pension Expense. The Pension Expense is the summation of a number of components, including benefits earned during the fiscal year and interest on the TPL. These numbers are sensitive to assumption changes and plan experience and can be volatile from year to year.

Pension expense for the fiscal year ending June 30, 2023 was \$60,658.

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of January 1, 2023, the most recent full actuarial valuation date.

<b>Plan</b>	<b>Number of Participating Members</b>			
	<b>Inactive Members or Beneficiaries Currently Receiving Benefits</b>	<b>Inactive Members Entitled to But Not Yet Receiving Benefits</b>	<b>Active Members</b>	<b>Total Members</b>
SRP	8	5	45	58

Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of the State Board Supplemental Retirement Plan as of June 30, 2023:

<b>Schedule of Development of Net Pension Liability and Related Ratios</b>	
<i>Grays Harbor College</i>	
	<b>2023</b>
<b>Net Pension Liability</b>	
Service Cost	20,449
Interest	73,830
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience <sup>1</sup>	(59,339)
Changes in Assumptions <sup>1</sup>	(117,506)
Benefit Payments	(30,989)
Other	23,115
Net Change in Net Pension Liability	(90,440)
Net Pension Liability - Beginning	996,641
<b>Net Pension Liability - Ending (a)</b>	<b>906,201</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	8,882
Contributions - Member	-
Net Investment Income	24,319
Benefit Payments	-
Administrative Expense	-
Other	-
Net Change in Plan Fiduciary Net Position	33,201
Plan Fiduciary Net Position-Beginning	311,689
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>344,890</b>
<b>Plan's Net Pension Liability (Asset) -- Ending (a)-(b)</b>	<b>561,311</b>
<b>Covered-Employee Payroll</b>	<b>\$ 6,525,013</b>
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	8.60%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents the net pension liability, calculated using the discount rate of 7.00 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
\$	665,162	\$ 561,315	\$ 472,224

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, the State Board Supplemental Retirement Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 220,216	\$ 274,079
Changes of Assumptions	188,300	\$ 431,863
Changes in College's proportionate share of pension net liability	88,873	\$ 179,545
Differences between Projected and Actual Earnings on Plan Investments	14,617	26,691
<b>Total</b>	<b>\$ 512,006</b>	<b>\$ 912,178</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

<b>State Board Supplemental Retirement Plan</b>	
2024	(113,753)
2025	(88,289)
2026	(86,377)
2027	(120,740)
2028	20,230
Thereafter	(11,240)

## Note 15 - Other Post-Employment Benefits

**Plan Description.** Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this footnote assume that this substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis. In the state ACFR the plan is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

**Employees Covered by Benefit Terms.** The PEBB OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement systems. Membership in the PEBB plan for the College consisted of the following:

**Summary of Plan Participants  
As of June 30, 2022**

Active Employees*	174
Retirees Receiving Benefits**	79
Retirees Not Receiving Benefits***	N/A
Total Active Employees and Retirees	253

\*Reflects active employees eligible for PEBB program participation as of June 30, 2022.

\*\*Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.

\*\*\*HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For fiscal year 2023, we have no options, but to report this amount as not available.

**Benefits Provided.** Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state’s non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state’s Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year’s explicit subsidy for inclusion in the Governor’s budget. The final amount is approved by the state Legislature. In calendar year 2023 the explicit subsidy was \$183 per member per month and it will remain \$183 per member per month in calendar year 2024.

**Contribution Information.** Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows (expressed in dollars):

<b>Required Premium*</b>	
Medical	\$ 1,251
Dental	81
Life	4
Long-term Disability	2
Total	1,338
Employer contribution	1,156
Employee contribution	182
Total	\$ 1,338

\*Per 2022 PEBB Financial Projection Model 7.0 Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2023 which includes projected claims cost at the time of this

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to:

<http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>

### **Total OPEB Liability**

As of June 30, 2023, the state reported a total OPEB liability of \$4.248 billion. The College's proportionate share of the total OPEB liability is \$5,764,489. This liability was determined based on a measurement date of June 30, 2022.

**Actuarial Assumptions.** The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<b>Inflation Rate</b>	2.35%
<b>Projected Salary Changes</b>	3.25% Plus Service-Based Salary Increases
<b>Health Care Trend Rates*</b>	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 3.8% in 2080.
<b>Post-Retirement Participation Percen</b>	60%
<b>Percentage with Spouse Coverage</b>	45%

\*For additional detail on the health care trend rates, please see the Office of the State Actuary's 2022 Public Employees' Benefits Board Other Postemployment Benefits Actuarial Valuations Report.



In projecting the growth of the explicit subsidy, after 2022 when the cap is \$183, it is assumed to grow at the health care trend rates. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor) as the base table. The Office of the State Actuary applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the *2013-2018 Demographic Experience Study Report*. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the *2019 Report on Financial Condition and Economic Experience Study*.

**Actuarial Methodology.** The total OPEB liability was determined using the following methodologies:

<b>Actuarial Valuation Date</b>	6/30/2022
<b>Actuarial Measurement Date</b>	6/30/2022
<b>Actuarial Cost Method</b>	Entry Age
<b>Amortization Method</b>	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
<b>Asset Valuation Method</b>	N/A - No Assets

The actuarial methodology used to determine the transactions subsequent to the measurement date were as follows:

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Explicit Medicare Subsidy	Subsidy amounts are calculated at subscriber level, based on benefit plan and enrollment tier selected, then summed over entire population to include Medicare retirees from the State, Higher Education, K-12 and Political Subdivision groups.
Implicit Medicare Subsidy	Subsidy amounts are calculated using the implicit subsidy rate* (difference between theoretical early retiree rates and composite rates** for non-Medicare risk pool) and the enrollment counts for early retirees

\*early retirees assumed to be 58% more expensive the non-Medicare risk pool as a whole on a per adult unit basis.

\*\*calculated across non-Medicare risk pool for both self-insured and fully-insured plans using the PEBB Financial Projection Model (PFPM).

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A retiree subsidy rate of \$67.99 per member per month, used to calculate the transactions subsequent to the measurement date, is equal to the total subsidies received by current retirees (both explicit and implicit), divided by the number of current active subscribers. This amount is then allocated to the agency level based on the active, health care eligible employee headcount of each agency as of the measurement date.

**Discount Rate.** Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.16 percent for the June 30, 2021 measurement date and 3.54 percent for the June 30, 2022 measurement date.

Additional detail on assumptions and methods can be found on OSA’s website:  
<http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>

**Changes in Total OPEB Liability**

As of June 30, 2023, components of the calculation of total OPEB liability determined in accordance with GAAP for the College are represented in the following table:

<b>Grays Harbor College</b>	
<b>Proportionate Share (%)</b>	<b>0.1356905009%</b>
Service Cost	\$ 425,243
Interest Cost	197,307
Differences Between Expected and Actual Experience	(195,398)
Changes in Assumptions*	(3,299,149)
Changes of Benefit Terms	-
Benefit Payments	(144,962)
Changes in Proportionate Share	176,622
Other	-
<b>Net Change in Total OPEB Liability</b>	<b>(2,840,337)</b>
Total OPEB Liability - Beginning	8,604,826
<b>Total OPEB Liability - Ending</b>	<b>\$ 5,764,489</b>

\*The recognition period for these changes is nine years. This is equal to the average expected remaining service lives of all active and inactive members.

**Sensitivity of the Total Liability to Changes in the Discount Rate.** The following represents the total OPEB liability of the College, calculated using the discount rate of 3.54 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.53 percent) than the current rate:

**Discount Rate Sensitivity**

Current		
1% Decrease	Discount Rate	1% Increase
\$ 6,754,573	\$ 5,764,489	\$ 4,967,794

**Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates.** The following represents the total OPEB liability of the College, calculated using the health care trend rates of 2-11 percent reaching an ultimate range of 3.8 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12 percent) than the current rate:

**Health Care Cost Trend Rate Sensitivity**

Current		
1% Decrease	Discount Rate	1% Increase
\$ 4,880,700	\$ 5,764,489	\$ 6,895,147

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ending June 30, 2023, the College will recognize OPEB expense of \$130,344. OPEB expense consists of the following elements:

Grays Harbor College	
Proportionate Share (%)	0.1356905009%
Service Cost	\$ 425,243
Interest Cost	197,307
Amortization of Differences Between Expected and Actual Experience	3,475
Amortization of Changes in Assumptions	(625,424)
Changes of Benefit Terms	-
Amortization of Changes in Proportion	(130,945)
<b>Total OPEB Expense</b>	<b>\$ (130,344)</b>

As of June 30, 2023, the deferred inflows and deferred outflows of resources for the College are as follows:

**Grays Harbor College**

<b>Proportionate Share (%)</b>	<b>0.1356905009%</b>	
<b>Deferred Inflows/Outflows of Resources</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	\$ 120,169	\$ 202,825
Changes in assumptions	472,464	4,179,058
Transactions subsequent to the measurement date	145,486	-
Changes in proportion	444,103	1,268,594
<b>Total Deferred Inflows/Outflows</b>	<b>\$ 1,182,222</b>	<b>\$ 5,650,477</b>

Amounts reported as deferred outflow of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in subsequent years for the College as follows:

<b>Proportionate Share (%)</b>	<b>0.1356905009%</b>	
2024	\$ (752,894)	
2025	\$ (752,894)	
2026	\$ (752,891)	
2027	\$ (609,007)	
2028	\$ (453,027)	
Thereafter	\$ (1,293,028)	

The change in the College's proportionate share of OPEB liability and deferred inflows and deferred outflows of resources based on measurement date are representing in the following table:

<b>Proportionate Share (%) 2021</b>	<b>0.1329613490%</b>
<b>Proportionate Share (%) 2022</b>	<b>0.1356905009%</b>
Total OPEB Liability - Ending 2021	\$ 8,604,826
Total OPEB Liability - Beg 2022 (chg in prop)	8,781,448
Total OPEB Liability Change in Proportion	176,622
Total Deferred Inflows/Outflows - 2021	(756,168)
Total Deferred Inflows/Outflows - 2022	(771,690)
Total Deferred Inflows/Outflows Change in Proportion	(15,522)
<b>Total Change in Proportion</b>	<b>\$ 192,144</b>

### Note 16 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, academic support services, and institutional support. The following table lists operating expenses by program for the year ending June 30, 2023.

<b>Expenses by Functional Classification</b>	
Instruction	\$ 10,606,442
Academic Support Services	2,066,595
Student Services	5,013,378
Institutional Support	4,711,148
Operations and Maintenance of Plant	2,658,855
Scholarships and Other Student Financial Aid	5,844,145
Auxiliary enterprises	1,351,167
Depreciation	2,392,907
<b>Total operating expenses</b>	<b>\$ 34,644,637</b>

### Note 17 - Commitments and Contingencies

As of June 30, 2023, the College has outstanding contractual commitments of \$15,137,245 for the construction phase of the new Student Services building (SSIB). Funding for SSIB construction

was approved by the legislature for the 21-23 biennium, and site construction started during FY2022.

The College is engaged in various legal actions in the ordinary course of business. Management does not believe the ultimate outcome of these actions will have a material adverse effect on the financial statement.

### Note 18 – Subsequent Events

In March 2018, The U.S. Department of Education (USDOE) conducted a program review at Grays Harbor College which created a contingent liability for the college, but the probability and amount were uncertain and unknown. However, in September 2022, the USDOE informed the college of its intentions to impose a fine of \$185,000 if the college fails to appeal the probable fine at a specified date. The college met the requirements to appeal the \$185,000 probable fine through the Attorney General of Washington. The fine was appealed and the College was not successful in the appeal, and remitted the fine of \$185,000 in December 2023. The college had sufficient resources in the operating budget to pay the fine after the determination and resolution of the appeal.

On May 15, 2024 the College was notified of a claim of \$950,000 submitted to the Department of Enterprise Services (DES) by a subcontractor due to delays early in the construction of the Student Services and Instructional (SSIB) building. Although this claim is in its early stages, after a review of the alleged costs and supporting documentation, the College believes support for the claimed cost is not adequate, in addition to other problems with the claim. While the College does not believe the subcontractor is entitled to the full amount claimed, the dispute remains active and the outcome is uncertain. The College has initiated conversations with the insurers for the architects and engineers on the SSIB project, as their omissions resulted in the delay, and will seek to cover as much of any potential costs as possible using such insurance. The College anticipates that the total impact of this claim could range from \$70,000 to \$950,000.

## Required Supplementary Information

### Pension Plan Information

#### Cost Sharing Employer Plans

Schedules of Grays Harbor College's Proportionate Share of the Net Pension Liability

<b>Schedule of Grays Harbor College's Share of the Net Pension Liability/(Asset)</b> <b>Public Employees' Retirement System (PERS) Plan 1</b> Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.033954%	\$ 1,710,449	\$ 3,295,503	51.90%	61.19%	
2015	0.031287%	\$ 1,636,601	\$ 3,240,796	50.50%	59.10%	
2016	0.032664%	\$ 1,754,211	\$ 3,630,757	48.32%	57.03%	
2017	0.030860%	\$ 1,464,312	\$ 3,674,522	39.85%	61.24%	
2018	0.028781%	\$ 1,285,369	\$ 3,736,712	34.40%	63.22%	
2019	0.028762%	\$ 1,106,001	\$ 4,009,234	27.59%	67.12%	
2020	0.026505%	\$ 935,770	\$ 3,899,349	24.00%	68.63%	
2021	0.025321%	\$ 309,229	\$ 4,082,942	7.57%	88.74%	
2022	0.025116%	\$ 699,321	\$ 4,527,855	15.44%	76.56%	
2023						

\*These schedules are to be built prospectively until they contain 10 years of data.

## Cost Sharing Employer Plans

### Schedules of Grays Harbor College's Proportionate Share of the Net Pension Liability

<b>Schedule of Grays Harbor College's Share of the Net Pension Liability/(Asset)</b> <b>Public Employees' Retirement System (PERS) Plan 2/3</b> Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.033589%	\$ 678,955	\$ 2,897,653	23.43%	93.29%	
2015	0.033600%	\$ 1,202,012	\$ 2,988,284	40.22%	89.20%	
2016	0.035428%	\$ 1,783,772	\$ 3,327,880	53.60%	85.82%	
2017	0.036853%	\$ 1,280,448	\$ 3,603,585	35.53%	90.97%	
2018	0.035400%	\$ 604,423	\$ 3,671,729	16.46%	95.77%	
2019	0.036616%	\$ 355,666	\$ 3,988,166	8.92%	97.77%	
2020	0.034432%	\$ 440,366	\$ 3,899,349	11.29%	97.22%	
2021	0.032522%	\$ (3,239,715)	\$ 4,082,942	-79.35%	120.29%	
2022	0.032740%	\$ (1,214,255)	\$ 4,527,855	-26.82%	106.73%	
2023						

\*These schedules are to be built prospectively until they contain 10 years of data.



## Cost Sharing Employer Plans

### Schedules of Grays Harbor College's Proportionate Share of the Net Pension Liability

<b>Schedule of Grays Harbor College's Share of the Net Pension Liability/(Asset)</b> <b>Teachers' Retirement System (TRS) Plan 1</b> Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.013976%	\$ 385,671	\$ 485,076	79.51%	68.77%	
2015	0.016342%	\$ 517,738	\$ 698,846	74.08%	65.70%	
2016	0.013798%	\$ 471,096	\$ 596,576	78.97%	62.07%	
2017	0.013847%	\$ 418,626	\$ 644,073	65.00%	65.58%	
2018	0.013576%	\$ 396,500	\$ 764,761	51.85%	66.52%	
2019	0.018471%	\$ 457,306	\$ 1,283,734	35.62%	70.37%	
2020	0.022630%	\$ 545,108	\$ 1,652,913	32.98%	70.55%	
2021	0.022429%	\$ 151,014	\$ 1,669,598	9.04%	91.42%	
2022	0.020822%	\$ 395,999	\$ 1,942,456	20.39%	78.24%	
2023						

\*These schedules are to be built prospectively until they contain 10 years of data.

## Cost Sharing Employer Plans

### Schedules of Grays Harbor College's Proportionate Share of the Net Pension Liability

<b>Schedule of Grays Harbor College's Share of the Net Pension Liability/(Asset)</b> <b>Teachers' Retirement System (TRS) Plan 2/3</b> Measurement Date of June 30						
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension liability	College covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability	
2014	0.853200%	\$ 27,557	\$ 380,076	7.25%	96.81%	
2015	0.012215%	\$ 103,070	\$ 593,846	17.36%	92.48%	
2016	0.009661%	\$ 132,674	\$ 488,426	27.16%	88.72%	
2017	0.010015%	\$ 94,430	\$ 533,976	17.68%	93.14%	
2018	0.012291%	\$ 55,324	\$ 716,830	7.72%	96.88%	
2019	0.018636%	\$ 112,288	\$ 1,283,734	8.75%	96.36%	
2020	0.022852%	\$ 351,002	\$ 1,652,913	21.24%	91.72%	
2021	0.022538%	\$ (619,526)	\$ 1,669,598	-37.11%	113.72%	
2022	0.020971%	\$ (41,268)	\$ 1,942,456	-2.12%	100.86%	
2023						

\*These schedules are to be built prospectively until they contain 10 years of data.

**Pension Plan Information**  
**Cost Sharing Employer Plans**  
Schedules of Contributions

<b>Schedule of Contributions</b>						
<b>Public Employees' Retirement System (PERS) Plan 1</b>						
Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 153,096	\$ 153,096	\$ -	\$ 3,295,503	4.65%	
2015	\$ 142,600	\$ 142,600	\$ -	\$ 3,240,796	4.40%	
2016	\$ 191,843	\$ 191,843	\$ -	\$ 3,630,757	5.28%	
2017	\$ 179,694	\$ 179,694	\$ -	\$ 3,674,522	4.89%	
2018	\$ 194,209	\$ 194,209	\$ -	\$ 3,736,612	5.20%	
2019	\$ 208,923	\$ 208,923	\$ -	\$ 4,009,234	5.21%	
2020	\$ 192,091	\$ 192,091	\$ -	\$ 4,008,033	4.79%	
2021	\$ 189,253	\$ 189,253	\$ -	\$ 3,899,349	4.85%	
2022	\$ 151,784	\$ 151,784	\$ -	\$ 4,082,942	3.72%	
2023	\$ 173,215	\$ 173,215	\$ -	\$ 4,527,855	3.83%	

Notes: These schedules will be built prospectively until they contain 10 years of data.

**Cost Sharing Employer Plans**  
Schedules of Contributions

<b>Schedule of Contributions</b> <b>Public Employees' Retirement System (PERS) Plan 2/3</b> Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 143,975	\$ 143,975	\$ -	\$ 2,897,653	4.97%	
2015	\$ 150,044	\$ 150,044	\$ -	\$ 2,988,284	5.02%	
2016	\$ 207,075	\$ 207,075	\$ -	\$ 3,327,880	6.22%	
2017	\$ 224,503	\$ 224,503	\$ -	\$ 3,603,585	6.23%	
2018	\$ 279,758	\$ 279,758	\$ -	\$ 3,671,729	7.62%	
2019	\$ 300,320	\$ 300,320	\$ -	\$ 3,988,166	7.53%	
2020	\$ 317,202	\$ 317,202	\$ -	\$ 4,008,033	7.91%	
2021	\$ 308,829	\$ 308,829	\$ -	\$ 3,899,349	7.92%	
2022	\$ 260,090	\$ 260,090	\$ -	\$ 4,082,942	6.37%	
2023	\$ 287,973	\$ 287,973	\$ -	\$ 4,527,855	6.36%	

Notes: These schedules will be built prospectively until they contain 10 years of data.

**Cost Sharing Employer Plans**  
Schedules of Contributions

<b>Teachers' Retirement System (TRS) Plan 1</b>						
Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll	
2014	\$ 26,858	\$ 26,858	\$ -	\$ 485,076	5.54%	
2015	\$ 37,553	\$ 37,553	\$ -	\$ 698,846	5.37%	
2016	\$ 43,517	\$ 43,517	\$ -	\$ 596,576	7.29%	
2017	\$ 47,524	\$ 47,524	\$ -	\$ 644,073	7.38%	
2018	\$ 56,459	\$ 56,459	\$ -	\$ 764,761	7.38%	
2019	\$ 92,507	\$ 92,507	\$ -	\$ 1,283,734	7.21%	
2020	\$ 118,843	\$ 118,843	\$ -	\$ 1,663,467	7.14%	
2021	\$ 121,942	\$ 121,942	\$ -	\$ 1,652,913	7.38%	
2022	\$ 106,320	\$ 106,320	\$ -	\$ 1,669,598	6.37%	
2023	\$ 124,801	\$ 124,801	\$ -	\$ 1,942,456	6.42%	

Notes: These schedules will be built prospectively until they contain 10 years of data.

**Cost Sharing Employer Plans**  
Schedules of Contributions

<b>Schedule of Contributions</b> <b>Teachers' Retirement System (TRS) Plan 2/3</b> Fiscal Year Ended June 30							
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll		
2014	\$ 22,138	\$ 22,138	\$ -	\$ 380,076	5.82%		
2015	\$ 33,798	\$ 33,798	\$ -	\$ 593,846	5.69%		
2016	\$ 32,582	\$ 32,582	\$ -	\$ 488,426	6.67%		
2017	\$ 35,883	\$ 35,883	\$ -	\$ 533,976	6.72%		
2018	\$ 55,930	\$ 55,930	\$ -	\$ 716,830	7.80%		
2019	\$ 97,603	\$ 97,603	\$ -	\$ 1,283,734	7.60%		
2020	\$ 132,960	\$ 132,960	\$ -	\$ 1,663,467	7.99%		
2021	\$ 134,713	\$ 134,713	\$ -	\$ 1,652,913	8.15%		
2022	\$ 134,646	\$ 134,646	\$ -	\$ 1,669,598	8.06%		
2023	\$ 156,368	\$ 156,368	\$ -	\$ 1,942,456	8.05%		

Notes: These schedules will be built prospectively until they contain 10 years of data.

## State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Net Pension Liability and Related Ratios							
GRAYS HARBOR COLLEGE							
Fiscal Year Ended June 30, 2023							
<i>(expressed in thousands)</i>							
	2017	2018	2019	2020	2021	2022	2023
<b>Net Pension Liability</b>							
Service Cost	\$ 63,379	\$ 47,624	\$ 33,478	\$ 36,592	\$ 43,864	\$ 15,017	\$ 20,449
Interest	41,114	43,766	40,495	41,162	31,199	50,591	73,830
Changes of benefit terms	-	-	-	-	-	-	-
actual experience	(296,431)	(129,443)	76,348	86,730	(281,482)	223,571	(59,339)
Changes of assumptions	(70,006)	(43,791)	143,556	231,739	(508,022)	72,624	(117,506)
Benefit Payments	(10,595)	(16,177)	(21,349)	(18,579)	(18,702)	(30,044)	(30,989)
Change in Proportionate Share		70,808	(61,309)	(147,332)	(149,231)	20,930	23,115
Other	-	-	-	-	-	-	-
<b>Net Change in Net Pension Liability</b>	<b>(272,539)</b>	<b>(27,213)</b>	<b>211,219</b>	<b>230,312</b>	<b>\$(882,374)</b>	<b>\$352,689</b>	<b>\$(90,440)</b>
Total Net Pension Liability - Beginning	1,384,543	1,112,003	1,084,790	1,296,009	1,526,321	643,950	996,639
<b>Total Net Pension Liability - Ending (a)</b>	<b>\$ 1,112,004</b>	<b>\$ 1,084,790</b>	<b>\$ 1,296,009</b>	<b>\$ 1,526,321</b>	<b>\$ 643,950</b>	<b>\$ 996,639</b>	<b>\$ 906,201</b>
<b>Plan Fiduciary Net Position**</b>							
Contributions-Employer	n/a	n/a	n/a	n/a	\$ 6,159	\$ 8,301	\$ 8,882
Contributions - Member	n/a	n/a	n/a	n/a			
Net Investment Income	n/a	n/a	n/a	n/a	77,091	518	24,319
Benefit Payments	n/a	n/a	n/a	n/a			
Administrative Expense	n/a	n/a	n/a	n/a			
Other	n/a	n/a	n/a	n/a			
<b>Net Change in Plan Fiduciary Net Position</b>					<b>\$ 83,250</b>	<b>\$ 8,819</b>	<b>\$ 33,201</b>
Plan Fiduciary Net Position-Beginning					219,630	302,870	311,689
<b>Plan Fiduciary Net Position-Ending (b)</b>					<b>\$ 302,880</b>	<b>\$ 311,689</b>	<b>\$ 344,890</b>
<b>Plan's Net Pension Liability (Asset) -- Ending (a)-(b)</b>					<b>\$ 341,070</b>	<b>\$ 684,950</b>	<b>\$ 561,313</b>
<b>College's Proportion of the Net Pension</b>		1.244100%	1.174080%	1.040000%	0.938869%	0.996482%	1.030110%
<b>Covered-employee payroll</b>	\$ 7,009,203	\$ 6,773,708	\$ 6,250,977	\$ 5,844,922	\$ 6,235,330	\$ 6,525,013	\$ 6,525,013
<b>Net Pension Liability as a percentage</b>		0.154766526	0.191329328	0.244173191	0.110172556	0.15983741	0.138881103

Notes: These schedules will be built prospectively until they contain 10 years of data.  
n/a indicates data not available.

## State Board Supplemental Defined Benefit Plans Notes to Required Supplementary Information

The State Board Supplemental Retirement Plans are financed on a pay-as-you-go basis. State Board makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, salary growth and the variable income investment return.

Effective fiscal year 2021, House Bill 1661 created dedicated funds to pay SRP benefits that mimic the trust arrangement for the rest of the state retirement systems. As a result, the plan, previously reported under GASB Statement No. 73 is now being reported under GASB Statement No. 68.

<b>Schedule of Employer Contributions</b>			
<b>State Board Supplemental Retirement Plan</b>			
<b>GRAYS HARBOR COLLEGE</b>			
<b>Fiscal Year Ended June 30, 2023</b>			
	2021	2022	2023
Statutorily determined contributions	\$ 7,598	\$ 8,301	\$ 8,882
Actual contributions in relation to the above	6,275	\$ 8,016	\$ 8,401
Contribution deficiency (excess)	\$ (1,323)	\$ (285)	\$ (481)
Covered Payroll	\$ 5,844,922	\$ 6,235,330	6,525,013
Contribution as a % of covered payroll	0.11%	0.13%	0.13%

Notes: This schedule will be built prospectively until they contain 10 years of data.

## Required Supplementary Information

### Other Postemployment Benefits Information

<b>Schedule of Changes in Total OPEB Liability and Related Ratios</b>						
<b>Measurement Date of June 30*</b>						
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>						
Service cost	\$ 425,243	\$ 430,078	\$ 341,379	\$ 375,033	\$ 491,555	\$ 598,616
Interest cost	197,307	185,877	285,569	325,320	337,941	280,395
Difference between expected and actual experience	(195,398)	-	(43,761)		308,475	-
Changes in assumptions	(3,299,149)	79,417	185,113	605,832	(2,151,955)	(1,367,773)
Changes in benefit terms	-				-	-
Benefit payments	(144,962)	(141,613)	(135,964)	(148,814)	(142,730)	(142,894)
Changes in proportionate share	176,622	(175,530)	(1,377,107)	242,701	188,946	(71,511)
Other	-	-	(290,873)		-	-
<b>Net Changes in Total OPEB Liability</b>	<b>\$ (2,840,337)</b>	<b>\$ 378,229</b>	<b>\$ (1,035,644)</b>	<b>\$ 1,400,072</b>	<b>\$ (967,768)</b>	<b>\$ (703,167)</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$ 8,604,826</b>	<b>\$ 8,226,597</b>	<b>\$ 9,262,241</b>	<b>\$ 7,862,169</b>	<b>\$ 8,829,937</b>	<b>\$ 9,533,104</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 5,764,489</b>	<b>\$ 8,604,826</b>	<b>\$ 8,226,597</b>	<b>\$ 9,262,241</b>	<b>\$ 7,862,169</b>	<b>\$ 8,829,937</b>
<b>College's proportion of the Total OPEB Liability (%)</b>	<b>0.13569050%</b>	<b>0.13296135%</b>	<b>0.13586018%</b>	<b>0.15958723%</b>	<b>0.15480875%</b>	<b>0.15156600%</b>
<b>Covered-employee payroll</b>	<b>\$ 12,932,522</b>	<b>\$ 12,620,712</b>	<b>\$ 12,822,605</b>	<b>\$ 12,149,594</b>	<b>\$ 12,081,256</b>	<b>\$ 11,825,467</b>
<b>Employee Payroll</b>	<b>44.573587%</b>	<b>68.180197%</b>	<b>64.156987%</b>	<b>76.234984%</b>	<b>65.077414%</b>	<b>74.668823%</b>

\*This schedule is to be built prospectively until it contains ten years of data.

### Notes to Required Supplementary Information

The Public Employee's Benefits Board (PEBB) OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.



## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)

## VIII.6. – Bishop Scholarship Trust Fund

GHC Board of Trustees Meeting

August 13, 2024

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# Written Report

## Item Information:

**Topic:** Bishop Scholarship Trust Fund

**Prepared by:** Kwabena Boakye

**Attachments:** Investment Management Services RFP; EXHIBIT A; EXHIBIT B; EXHIBIT C

## Narrative

At the April meeting, the Board requested information on the Bishop Scholarship Trust Fund investment agreement. That information was submitted to the Board on April 16. At the May meeting, the Board requested the college to complete a Request for Proposal (RFP) to select an investment manager for the Bishop Scholarship Trust Fund.

The Investment Management Services RFP and supplementary exhibits to select an investment manager for the Bishop Scholarship Trust Fund are presented to the Board for review and approval.

## Summary & Next Steps

The Investment Management Services RFP for the Bishop Scholarship Trust Fund and supplementary exhibits are presented to the Board for review and approval. Upon approval, the Purchasing Office will manage the RFP timeliness and proposer enquiries. The Board will then establish a review committee to review submitted proposals and recommend an investment manager to the Board for confirmation.

## Action Requested:

Approve the Investment Management Services RFP and supplementary exhibits.

## Follow-Up

None



## **Investment Management Services**

**Request for Proposals**

**#2425-GHCIMS**

**August XX, 2024**

# Investment Management Services

## Request for Proposals

#2425-GHCIMS

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# Investment Management Services

Request for Proposals

#2425-GHCIMS

## PURPOSE AND BACKGROUND

The purpose of this Request for Proposal (RFP) is to seek a qualified firm to provide investment management services for The E.K. and Lillian F. Bishop Scholarship Trust Fund. As of June 30, 2024, the trust was \$5.6 million in value. The successful bidder will provide investment fund management services in accordance with the Statement of Investment Policy, Objectives, and Guidelines (EXHIBIT A). Aligning with the State of Washington fiscal year calendar, July 1 to June 30, the successful bidder will provide quarterly reports and annual report on the performance of the portfolio and meet with the Vice President for Administrative Services to review the reports. The successful bidder will also be available to attend Grays Harbor College Board of Trustees (Board) meetings to make presentations to the Board on portfolio performance if requested by the Board

Grays Harbor College (GHC) is a State of Washington public college established in 1930 and is governed by The Grays Harbor College Board of Trustees. GHC's mission is "to provide meaningful and engaging learning opportunities and support services to enhance the knowledge, skills, and abilities of our students and support the cultural and economic needs of our community." The E.K. and Lillian F. Bishop Scholarship Trust Fund provides scholarship grants and awards to residents of Grays Harbor County who have completed the equivalent of at least two years of academic studies either at Grays Harbor College or elsewhere and who intend to continue their education to achieve a baccalaureate degree in the arts or sciences, or who have obtained a baccalaureate degree and desire to obtain a postgraduate degree.

## TIMELINE, PROCEDURE, AND PROCESS

RFP issued by the Purchasing Office	TBD
RFP questions due in the Purchasing Office	TBD
RFP amendment and responses due to bidders	TBD
RFP due in the Purchasing Office	TBD
Announcement of apparent successful bidder	TBD
Interviews/Presentations	TBD
Contract award	TBD

Any requests for information about this RFP are to be directed in writing to the Purchasing Office, Jackie Blumberg, [jackie.blumberg@ghc.edu](mailto:jackie.blumberg@ghc.edu).

The deadline for submission of responses is TBD. Solicitations shall be in the possession of the Procurement and Supply Specialist 3 no later than 3:00 p.m. pacific time. LATE BIDS WILL NOT BE ACCEPTED AND WILL BE AUTOMATICALLY DISQUALIFIED FROM FURTHER CONSIDERATION.

Bidders assume the risk for the method of delivery chosen. Grays Harbor College assumes no responsibility for delays caused by any delivery service or for problems with Bidder's email.

Proposals are to be mailed, e-mailed, or hand-delivered to:

Grays Harbor College

Jackie Blumberg

1620 Edward P Smith Drive, room 2306 Aberdeen WA 98520

Phone: 360 538-4037

Email: [jackie.blumberg@ghc.edu](mailto:jackie.blumberg@ghc.edu)

### **Proprietary Information and Public Disclosure**

Materials submitted in response to this RFP shall become the property of Grays Harbor College. Pursuant to RCW 39.26.030, all records related to state procurements are public records and may be subject to disclosure. However, proposals are exempt from disclosure until announcement of the Apparent Successful Bidder; thereafter, the proposals may be subject to disclosure unless otherwise exempt.

Any information in the proposal that the bidder desires to claim as proprietary and exempt from disclosure must be clearly designated. Each page and the exception from disclosure upon which the bidder is making the claim must be identified. The information claimed to be exempt from disclosure must be clearly identified by the word *Proprietary* printed on the lower right-hand corner of the page.

If Grays Harbor College receives a public records request for any information in the proposal a bidder has marked as proprietary, Grays Harbor College will provide the bidder with notice of the request and an opportunity to seek a court injunction against the requested disclosure.

### **RESPONSIBLE BIDDER CRITERIA**

#### **Wage Theft Prevention-Wage Laws Violations**

Grays Harbor College shall consider whether, within the three-year period immediately preceding the date of the bid solicitation, the bidder has been determined by a final and binding citation and notice of assessment issued by the Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in RCW 49.48.082, any provision of chapter 49.46, 49.48, or 49.52 RCW. Grays Harbor College shall not award contracts to individuals or firms who knowingly and intentionally violate State of Washington wage laws. Grays Harbor College will consider the criteria listed in RCW 39.26.160(2)(f) in determining the bidder's responsibility as a bidder and reserves the right to consider such other information as needed. (SEE CONTRACTOR CERTIFICATION-EXHIBIT B.)

## **RESPONSIVE BIDDER CRITERIA**

### Minimum Qualifications

- National or state registered bank or investment fund management service provider.
- Meet the requirements and goals of the Statement of Investment Policy, Objectives, and Guidelines (EXHIBIT A).
- Track record of managing higher education endowment or scholarship trust fund.

**The following documents need to be submitted as part of the RFP to be considered a responsible and responsive bidder and for the proposal to be evaluated.**

### Required Documents

1. Cover Letter  
The proposer shall address how the business meets minimum qualifications of this RFP.
2. Sample Portfolio  
The proposer shall provide a portfolio sample for \$5.6 million dollars that aligns with the Statement of Investment Policy, Objectives, and Guidelines (EXHIBIT A).
3. Sample Quarterly and Annual Performance Report  
The proposer shall provide a sample of a quarterly and an annual performance report.
4. Completed and signed Request for Proposals document
5. Completed and signed Wage Theft Prevention Contractor Certification (EXHIBIT B)
6. Higher education endowment or scholarship trust fund

The proposer shall provide information, including names, emails, and phone for at least 3 higher education endowment or scholarship trust funds managed by the proposer currently or in the past.

## **EVALUATION AND AWARD CRITERIA**

**Responses to the following sections will be awarded points.**

EXPERIENCE AND QUALIFICATIONS

HIGHER EDUCATION ENDOWMENT OR TRUST FUNDS TRACK RECORD

FEES AND COSTS

SUPPLIER DIVERSITY

DIVERSITY, EQUITY, AND INCLUSION

## **EXPERIENCE AND QUALIFICATIONS**

1. Please provide a brief history of your business, qualifications, and experience relevant to this engagement, an outline of your organizational structure, and the number of professionals.
2. Please provide the background of your principals and the team that would be assigned to serve GHC. Include the years of experience each principal and team member has with investment management services.
3. Describe your approach and philosophy in managing a public organization's investment portfolio.
4. Please provide an overview of your annual investment performance, net and gross of all fees and expenses, which includes the most recent ten-year period.

## **HIGHER EDUCATION ENDOWMENT OR TRUST FUND TRACK RECORD**

1. **Please provide a brief history of your track record managing investments for higher education endowment fund or scholarship trust fund.**
2. **Describe your approach to reporting on the investment to the higher education institution and/or its affiliates.**

## **FEES AND COSTS**

1. Provide a complete fee schedule for the investment services described in this RFP. Include the RFP number and title on the document.

## **SUPPLIER DIVERSITY**

Grays Harbor College recognizes the importance of providing goods and services procurement opportunities to small, diverse, and veteran-owned businesses. Grays Harbor College is dedicated to ensuring small, diverse, and veteran-owned businesses are given maximum practicable opportunity to directly and meaningfully participate in procurement opportunities and that access is fair and equitable.

Self-certified small and veteran-owned businesses qualify for 10 points. (SEE EXHIBIT C-DIVERSE BUSINESS CERTIFICATION.)

## **OMWBE**

Minority, women, minority women, women and minorities, and non-minority men who are found to be socially and economically disadvantaged owned organizations interested in Washington state business opportunities and certification requirements are encouraged to visit

<http://www.omwbe.wa.gov>.

## **Washington State Department of Veteran's Affairs**

Veteran owned businesses interested in Washington state business opportunities and certification requirements are encouraged to visit: <https://dva.wa.gov/>



## DIVERSITY, EQUITY, AND INCLUSION

1. How does your business currently incorporate diversity, equity, and inclusion into their services and operations?

The following points will be assigned for evaluation purposes:

Experience and qualifications	20 points
Higher Education endowment or scholarship trust fund track record	20 points
Fees and costs	40 points
Supplier diversity (Self-certified small and veteran owned)	10 points
Diversity, equity, and inclusion	10 points
TOTAL	100 points

Grays Harbor College will award a contract based on:

1. Responsible and responsive bidder criteria
2. Point system
3. Interviews/presentations

In the event contract cannot be negotiated with Apparent Successful Bidder, Grays Harbor College will negotiate with the next qualified bidder(s) until a contract is reached or will cancel the RFP.

## COMPLAINT PROCESS

Bidders may file a complaint after the question-and-answer period based on any of the following apply:

- 1) solicitation unnecessarily restricts competition;
- 2) solicitation evaluation or scoring process is unfair or flawed; or
- 3) solicitation requirements are inadequate or insufficient to prepare a response.

Complaints shall be made in writing and submitted to the Purchasing Department up to five (5) business days prior to the proposal response deadline.

Complaints must include the following:

- 1) date of complaint, bidder name and address, and proposal title, description, and/or number,
- 2) clear reason and basis for the complaint with facts and supporting documentation,
- 3) proposed corrective action and remedy, and
- 4) signature by authorized bidder representative or agent.

The Purchasing Department will notify the Vice President for Administrative Services of any complaints received. Following consultation and coordination with the Vice President for Administrative Services, the Purchasing Department will respond in writing to all such complaints before the proposal submission deadline. The response will include the decision, how the review was conducted, and the basis upon a decision was made. The College's decision regarding the complaint is final and not appealable. The complaint may not be raised again during the protest period.

**\*COMPLAINTS MUST COMPLY WITH THE PROCESS ABOVE TO BE CONSIDERED.**

## **DEBRIEFING PROCESS**

Any responsive bidder that submitted a proposal may request a debriefing conference within three (3) business days after the apparent successful bidder announcement. Requests for a debriefing conference shall be made in writing and submitted to the Purchasing Department. The debriefing conference will be held within three (3) business days of the date of request and last no longer than one (1) hour. The bidder will be notified in writing of the debriefing conference date, time, and method.

The following may be discussed during a debriefing conference:

- 1) evaluation and scoring of bidder's own proposal,
- 2) review of bidder's proposal based on evaluation, and
- 3) comparison of bidder's own final score with other final scores.

**\*NO OTHER COMPARISON AMONG PROPOSALS AND EVALUATIONS WILL BE ALLOWED OR PERMITTED.**

Debriefing requests must include the following:

- 1) date of request, company name and address, and proposal title, description, and/or number
- 2) signature by authorized bidder representative or agent.

**\*DEBRIEFING REQUESTS MUST COMPLY WITH THE PROCESS ABOVE TO BE CONSIDERED.**

## **PROTEST PROCESS**

Any responsive bidder that submitted a proposal and attended a debriefing conference may file a protest. Protests must be made in writing and submitted to the Purchasing Department within five (5) business days after the debriefing conference. Protest period will be cancelled if no valid debriefing requests are received by the College.

Only protests based on the following will be considered:

- 1) matter of bias, discrimination, or conflict of interest on the part of an evaluator;
- 2) errors in computing the scores; or
- 3) non-compliance of procedures described in solicitation.

**\*PROTESTS NOT BASED ON ONE (1) OR MORE OF THE ABOVE WILL NOT BE CONSIDERED.**

Protest requests must include the following:

- 1) date of complaint, company name and address, and proposal title, description, and/or number;
- 2) clear reason and basis for the protest with facts and supporting documentation;
- 3) proposed corrective action and remedy; and
- 4) signature by authorized bidder representative or agent.

**\*PROTESTS MUST COMPLY WITH THE PROCESS ABOVE TO BE CONSIDERED.**

Protests will be reviewed by the Vice President of Administrative Services or employee delegated by the Vice President for Administrative Services (Protest Officer) will public procurement experience and not involved in the evaluation or award process. The Protest Officer shall respond to the bidder in writing within ten (10) business days of receiving the protest unless additional time is needed. The bidder will be notified if the College needs more time to decide.

The final determination of the protest will:

- 1) find the protest lacking in merit and uphold the College's action; or
- 2) find only technical or harmless errors in the acquisition process and determine the College to be in substantial compliance and reject the protest; or
- 3) find merit in the protest and provide options which may include:
  - a. correcting the errors and re-evaluating all proposals;
  - b. cancelling the solicitation; or
  - c. making other findings and determining other courses of action as appropriate.

If the College determines the protest is without merit, it may proceed with award of the contract. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

The College's decision regarding the protest is final and not appealable. If the protesting bidder does not accept the College's protest decision, the bidder may file an action in court. Jurisdiction and venue for any court action related to this RFP is in the Superior Court of Grays Harbor County, Washington.

## **REJECTION OF PROPOSALS**

Grays Harbor College reserves the right to reject any or all proposals. Bidders whose proposals are rejected will be notified or if Grays Harbor College rejects all proposals.

**SIGNATURE**

The undersigned has carefully examined the solicitation, instructions, terms and conditions, requirements, and EXHIBITS; and hereby proposes to furnish the services described herein, in accordance with the solicitation.

Business name and address

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Phone number: \_\_\_\_\_

Printed name and title: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

## **Statement of Investment Policy, Objectives, and Guidelines**

The Grays Harbor College Board of Trustees ( the “Board”) is the governing board of Grays Harbor College (the “College”), a public community college and state agency established pursuant to Chapter 28B.50 RCW. The Board acts as a fiduciary of the Bishop Trust (the “Fund”), a fund contributed to the College by the Bishop Foundation in 1982. The purpose of the Bishop Trust is to “to provide scholarship grants and awards to qualified residents of Grays Harbor County who have completed the equivalent of at least two years of academic studies either at the College or elsewhere and who intend to . . . achieve a baccalaureate degree in the arts or sciences, or. . . obtain a postgraduate degree.”

### **I. Scope of the Investment Policy**

This Statement of Investment Policy reflects the investment objectives and constraints of the entire Bishop Fund on deposit with the Fund Manager designated pursuant to the Pledge Agreement, attached hereto and incorporated herein as “Attachment A.”

### **II. Purpose of this Investment Policy Statement**

The statement of Investment Policy is set forth by the Board to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding of the investment goals and objectives of the funds for all involved parties.
3. Offer guidance and set limitations for the Investment Manager regarding the investment of the Fund.
4. Establish a basis for evaluating investment results.
5. Manage the Fund according to prudent standards, as set forth in the Uniform Prudent Management of Institutional Funds Act, found at RCW 24.55.015.
6. Establish the relevant investment horizon for which the Funds will be managed.

The purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the Fund towards the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

### **III. Delegation of Authority**

The Board is a fiduciary, and is responsible for directing and monitoring the investment management of the Fund’s assets. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

Investment Management Consultant: An investment management consultant is not required. If retained, an investment management consultant shall assist the Board in: establishing and reviewing investment policy, objectives, and guidelines; the selection and review of investment managers over time. If an investment management consultant is not retained by the Board, then the Board and its designee shall assume such responsibilities.

Investment Manager: The investment manager has the discretion to purchase, sell, or hold specific securities that will be used to meet the investment objectives for the Funds. The Board may retain one Investment Manager, consistent with the terms of the Pledge Agreement, who shall be contracted for investment of the fund. The Investment Manager's performance will be compared to relevant benchmarks.

Administrative Officer: The Administrative Officer serves as the Board's designee on issues related to management of the Fund. The Administrative Officer shall have the authority to act on behalf of the Board on any matters related to management of the Fund, save those actions that require a vote of the Board.

Additional specialists such as attorneys, auditors, actuaries, and consultants may be employed by the Board to assist in meeting its responsibilities and obligations to prudently manage the Fund.

All expenses for such experts must be customary and reasonable, and shall be borne by the Board as deemed appropriate and necessary.

The Board will not reserve any control over investment decisions, with the exception of specific limitations described within the Investment Policy Statement and incorporated attachments. The Investment Manager will be held responsible and accountable to make every effort to achieve the objectives herein stated. While it is not believed that these limitations will hamper the Investment Manager, the Manager shall request modifications and clarifications it deems appropriate.

#### **IV. Definitions**

1. **'GHC'** or **'College'** shall mean Grays Harbor College, a public agency and community college formed pursuant to RCW 28B.50.
2. **'Board of Directors'** or **'Board'** shall refer to the Board of Trustees of Grays Harbor College, as appointed by the Governor of the State of Washington.
3. **'Fiduciary'** shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition, or administration of Fund assets.
4. **'Investment Manager'** shall mean the individual entity assigned to act as Fund Manager pursuant to the Pledge Agreement.
5. **'Securities'** shall refer to the investment securities that are defined as acceptable in this statement.
6. **'Investment Horizon'** shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The immediate investment horizon for the Fund is 10 years, with a long-term horizon of perpetuity.

#### **V. Assignment of Responsibility**

##### Responsibility of the Finance Officer

The Finance Officer shall:

1. Assist in the development and periodic review of investment policy for recommendations to the Board.

2. Conduct Investment Manager reviews at least annually and new manager searches if requested by the Board.
3. Meet with the Investment Manager no less than annually to review performance and receive reports.
4. Monitor the performance of the Investment Manager to provide the Board with the ability to determine the progress towards the investment objectives.
5. Communicate matters of policy, manager research, and manager performance to the Board of Directors.
6. Review Fund investment history, historical capital markets performance, and the contents of this investment policy statement with any newly appointed Board members.
7. Discuss with the Board no less than annually the past year's progress and issues relevant to the investment management and spending of the Fund.

#### Responsibility of Investment Manager:

The Investment Manager shall have full discretion to make all investment decisions for the assets placed under its direct management, while observing and operating within all policies, guidelines, constraints, and philosophies outlined in this statement. Specific responsibilities of the Investment Manager shall include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, to alter asset allocation within the guidelines established by this statement.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating through the Finance Officer any major changes regarding economic outlook, investment strategy, or any other factors that affect implementation of investment process of the Fund's investment management.
4. Informing the Board through the Finance Officer regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

### **VI. General Investment Principals**

1. Investments shall be made solely in the interest of the beneficiaries of the Fund.
2. The Fund shall be invested consistently with the standards of prudence stated in RCW 24.55.015.
3. Investment of the Fund shall be sufficiently diversified as to minimize the risk of large losses, unless under the circumstances it is clearly not prudent to diversify.
4. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

### **VII. Investment Management Policy**

1. Preservation of Purchasing Power – Consistent with its investment style and philosophy, the Investment Manager should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities and that accounts in more volatile asset classes will fluctuate in value. Preservation of capital for this purpose means preserving principal plus achieving growth in excess of the rate of inflation.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Board recognizes that some risk is necessary to produce long-term investment results that are

sufficient to meet the Board's objectives for the Fund. However, the Investment Manager is to make reasonable efforts to control risk, and shall communicate periodically to the Administrative Officer in order to determine whether the risk assumed is commensurate with the given investment style and objectives.

3. Adherence to Investment Discipline - the Investment Manager is expected to adhere to the investment management style described herein. The Investment Manager will be evaluated regularly by the Board for adherence to investment discipline. Therefore, expectations may be expressed by the following equation:

### **VIII. Goals of the Trust**

The Board of Trustees believes that a significant portion of the Fund is intended to exist in perpetuity, and therefore, should provide for payments in perpetuity. As the Fund was granted to the College in Trust, and does not currently contain public funds, the College will not make deposits into the fund. Therefore, to attain the long term goal of perpetuity, the long term objective of the Trust is to maintain purchasing power, and when possible to increase the principal in excess of inflation. The specific objective is to grow the aggregate portfolio value at the rate of 5% after costs and inflation over the Settlement Trust's investment horizon.

$$\text{Increase in Purchasing Power} = (\text{Total Return}) - (\text{Expenses} + \text{Inflation} + \text{Distributions})$$

Performance of the overall portfolio will be benchmarked against relevant index measures to provide a comparative framework. The primary goal is moderate growth (7.5%) to increase the purchasing power of the Fund.

### **IX. Spending Policy**

The Board places the highest emphasis on preserving the wealth of the Fund for future generations of beneficiaries. As such, the Board of Trustees regards distributions to beneficiaries in dollar terms as flexible.

The Board of Trustees will set spending of up to FOUR percent (4%) of annual returns on trust investments. The dollar equivalent for the 'four percent (4%) of annual returns' will be determined at the end of each fiscal year.

### **X. Investment Objectives**

In order to meet its needs, the investment strategy of the Board is to emphasize total return; that is, the aggregate return from capital appreciation, as well as dividend and interest income.

Specifically, the primary objective in the investment management for Funds during the growth and income period shall be:

Preservation of Purchasing Power After Distributions - to achieve returns in excess of the rate of inflation plus spending over the investment horizon, in order to preserve purchasing power of Fund assets. Risk control is an important element in the investment of Fund assets.



The secondary objective in the investment management of Fund assets during the growth and income period shall be:

Capital Appreciation in Excess of the Rate of Inflation - to achieve returns in excess of the rate of inflation in order to maintain the real purchasing power of the assets. Risk control is an important element in the investment of assets.

## **XI. Specific Investment Goals**

Over the investment horizon established in this statement, it is the goal of the Fund during the growth and income period to meet or exceed the following return net of investment expenses and inflation:

An absolute rate of return of 5.0%, using a five-year rolling average.

The stated investment goals are the objectives of the entire Fund managed by the Investment Manager, and are not meant to be imposed on individual sub-accounts, if more than one is used. The goal of the Investment Manager over the investment horizon shall be to:

1. Meet or exceed the market index or blended market index agreed upon by the Finance Officer that most closely corresponds to the style of investment management.
2. Display an overall level or risk in the portfolio that is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

### Definition of Risk

The Board realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Fund understands how the Board defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy.

### The Board defines risk primarily as:

Not maintaining purchasing power over the Fund's five-year investment time horizon. Purchasing power is defined as value of principal adjusted for dollar-denominated inflation in the United States.

### The Board defines risk secondarily as:

Unacceptable fluctuation in the value of the Fund during a one-year period. This is defined as a 10% decrease or 20% increase in value over a 1-year time horizon. Either limit, if exceeded, will indicate that the assets are subject to excessive volatility of risk. When the limit is triggered, it will require a complete review of investment strategy between the Administrative Officer and the Investment Manager. Some level of corrective action is required to prevent further out-of-limits volatility.

### Liquidity:

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Administrative Officer will annually provide the Investment Manager with an

estimate of expected net cash flow. The Board will notify the Administrative Officer in a timely manner, to allow sufficient time to build up necessary liquid reserves.

## **XII. Marketability of Assets**

The Board requires that 90% or more of Fund assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Fund, with minimal impact on market price.

## **XIII. Allowable Investment Classes**

1. Cash equivalents allowed include the following:
  - a. Treasury Bills
  - b. Money Market Funds
  - c. Commercial Paper
  - d. Banker's Acceptances
  - e. Repurchase Agreements
  - f. Certificates of Deposit
2. Fixed Income Securities allowed include the following:
  - g. Fixed Income Securities of Foreign Governments and Corporations
  - h. U.S. Corporate Notes and Bonds
  - i. Government and Agency Securities
  - j. Mortgage-Backed Bonds and Planned Amortization Class Collateralized Mortgage Obligations
  - k. Preferred Stock
3. Equity Securities allowed include the following:
  - l. Stocks of Non-U.S. Companies (Ordinary Shares)
  - m. American Depository Receipts (ADRs) of Non-U.S. Companies
  - n. Common Stocks of U.S. Companies
  - o. Convertible Notes and Bonds
  - p. Convertible Preferred Stocks
4. Mutual Funds allowed include the following:
  - q. Open-end Mutual Funds that invest in securities as allowed in this statement
  - r. Closed-end Funds which invest in securities as allowed in this statement
5. Alternative Investments allowed include the following:
  - s. Guaranteed Investment Contracts (GICs)
  - t. Low and Medium Volatility Hedge Funds
  - u. Low-leverage (below 1.5 times capital) Commodities and Futures Funds
  - v. Real Estate Investment Trusts

## **XIV. Derivative Investments**

Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are derived from equity or fixed income securities and are packaged in the form of options, futures, CMOs (PAC bonds,

IOs, POs, residual bonds, etc.) and interest rate swaps, among others. The Board observes that many derivative securities are relatively new and therefore have not been observed over many economic cycles. Due to this uncertainty, the Board will take a conservative posture on derivative securities in order to maintain its risk-averse nature.

**XV. Prohibited Asset Classes**

Prohibited Assets include, but are not limited to the following:

1. Individual Commodities and Futures Contracts
2. Private Placements
3. Options, except to hedge existing positions
4. Private, Non-registered Limited Partnerships
5. Venture Capital Investments

**XVI. Asset Allocation Guidelines**

Investment Management of the assets of the Fund shall be in accordance with the following asset allocation guidelines:

1. Aggregate Fund Asset Allocation Guidelines (at market value) during the growth and income period.

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	10%	65%	45%
Fixed Income	35%	75%	47.5%
Alternative Investments	0%	15%	5%
Cash and Equivalents	0.5 %	20%	0.5%

2. In the event that the above asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Administrative Officer will instruct the Investment Manager to bring the portfolio into compliance with these guidelines as prudently as possible.

**XVII. Diversification**

The Board does not believe that it is necessary or desirable that the securities held in the Fund represent a cross section of the world economy. However, in order to achieve a prudent level of portfolio diversification, the equity securities of any one company should not exceed 5% of the total fund, and no more than 20% of the equity position should be invested in any one industry. Individual government-issued securities may represent up to 5% of the total fund, while the total allocation to treasury bonds and notes of any single country’s issue may represent up to 50% of the Fund’s aggregate bond position.

**XVIII. Guidelines for Fixed Income Investments and Cash Equivalents**

1. Fund Assets may be invested only in investment-grade bonds rated BBB (or equivalent) or better. High-Yield Bonds and Convertible Bond Investments are specifically exempt from this

requirement and must be managed with a high degree of capability in credit analysis and invested in a portfolio with a record of competent credit management.

2. Fixed income maturity restrictions are as follows:
  - a. Maximum maturity for any single security is 30 years
  - b. Weighted average portfolio maturity may not exceed 15 years.
3. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.

## **XIX. Selection and Performance Review of Investment Manager**

### Selection

The Board's selection of an Investment Manager must be based on prudent due diligence procedures. A qualifying investment manager must be a state-or-nationally registered bank, as required by the Pledge Agreement. The Investment Consultant, if applicable, will provide the Board and/or the Administrative Officer with all relevant information and recommendations regarding the selection of Investment Manager.

### Performance Review

The ongoing monitoring of investments is a regular and disciplined process. The Board is aware that ongoing review and analysis of the Investment Manager is just as important as the due diligence implemented during the manager and selection process. The performance of the Investment Manager will be monitored on an ongoing basis and it is at the Board's discretion to take corrective action by replacing a manager, if deemed appropriate.

Performance reports generated by the Administrative Officer or Investment Manager shall be compiled quarterly and communicated to the Board for review. The investment performance of all total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks.

Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines set forth in this statement. The Board intends to evaluate the portfolio over at least a three-year period, but reserves the right to terminate a manager for any reason including:

1. Investment performance by the Investment Manager that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Significant and qualitative changes to the organization of the Investment Manager.
3. Failure to adhere to any aspect of this investment policy, including communication and reporting requirements.

Investment Manager shall be reviewed regularly regarding performance, personnel, strategy, research, capabilities, organizational and business matters, and other qualitative factors that may impact the Investment Manager's ability to achieve the Board's desired results.

The Board recognizes the long-term nature of planned investing and the variability of market returns. Periodic underperformance in any of the criteria outlined in this policy will not necessitate the termination

of a manager. Underperformance will provoke thoughtful consideration by the Board of the factors causing the underperformance, and possible courses of action that the Board may take.

## **XX. Risk Management**

The following strategies will be used on a regular basis in order to moderate overall portfolio risk:

1. Strategic portfolio rebalancing will be done on a quarterly basis. This process serves to transfer funds from investment strategies that have appreciated more than the overall portfolio and rebalance the portfolio to the desired investment allocations.
2. Use of a combination of asset classes with a focus on low and negatively correlated relationships between asset classes will be employed in order to reduce portfolio volatility.
3. Identification and defensive use of equity manager capture ratios. Active management strategies will be engaged with knowledge of the historical defensive characteristics of managers in both up and down market conditions.
4. Tactical asset allocation will be engaged defensively during periods in the global economic cycle. This will be done within the constraints of the stated asset allocation guidelines.
5. Mathematical “market breakpoint” risk reduction guidelines can be employed with mutual consent between the Administrative Officer and the Investment Manager. These adjustments are normally only made during periods of severe market declines, and all recommendations and communications regarding these defensive measures must be well documented in order to avoid any misunderstandings in execution.
6. Environmental, Social, and Governance (ESG) screening may eliminate specific company risks not otherwise identified. The Board has not imposed any specific standard for ESG screening but reserves the right to request this of the Investment Manager.
7. Liability Matching will be performed during the income and growth period in order to assure that liquid funds are available on a reliable basis to meet the Fund’s distribution needs.

## **XXI. Investment Policy Reporting**

The Administrative Officer shall report quarterly to the Board. She/He will note whether there is any exposure to prohibited investments or whether any investment category is in excess of the stated guidelines. The Administrative Officer will also report on any advised changes in risk management.

Performance reporting will be made for the combined investment fund and separately for each of the investment managers engaged to manage separate strategies. The Investment Consultant is expected to report how the Fund and Manager perform in comparison to benchmarks and to provide objective advice on whether to retain or replace under-performing managers.

The Investment Consultant should also report on the status of reaching the overall, long term performance goal of the Fund.

## **XXII. Investment Policy Review**

To assure the continued relevance of the guidelines, objectives, financial status and capital markets expectations established in this Investment Policy statement, the Board plans to review investment policy

at least once every two years and reserves the right to review and amend the Investment Policy at any time, with adequate notice given for any newly-imposed requirements.

This policy establishes the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Board. It includes various asset classes, investment management styles, asset allocation and tactical ranges that are expected to produce an appropriate level of risk and return over the short-and-long-term investment horizons, as well as provides a basis against which the performance of the Fund can be monitored, measured, and evaluated on an ongoing basis.

This statement of investment policy is adopted on October 18, 2016 by the Grays Harbor College Board of Trustees.

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Dr. Jim Minkler  
Grays Harbor College President  
Board Secretary

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Arthur Blauvelt, Board Chair

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Rebecca Chaffee, Board Member

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Harry Carthum, Board Member

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Denise Portmann, Board Member

---

Fawn Sharp, Board Member



### Diverse Business Certification

Name of Business			
Address of Business			
City	State	Zip	
Name of Owner		Phone Number	

Please check each category that your business qualifies for:

<input type="checkbox"/>	<p><b>The business is a Small Business as defined per RCW 39.26.010(22)(a)(i) or (ii) * or is certified by Office of Minority and Women’s Business Enterprises.</b> <a href="https://omwbe.wa.gov/certification/certification-eligibility">https://omwbe.wa.gov/certification/certification-eligibility</a></p> <p>"Small business" means an in-state business, including a sole proprietorship, corporation, partnership, or other legal entity, that:</p> <p>(a) Certifies, under penalty of perjury, that it is owned and operated independently from all other businesses and has either:</p> <p style="padding-left: 20px;">(i) Fifty or fewer employees; <b>or</b></p> <p style="padding-left: 20px;">(ii) A gross revenue of less than seven million dollars annually as reported on its federal income tax return, or its return filed with the department of revenue over the previous three consecutive years or</p> <p>(b) Is certified with the Office of Women and Minority Business Enterprises under chapter 39.19 RCW.</p> <p><b>Certification Number:</b></p>
<input type="checkbox"/>	<p><b>The business is a Veteran Owned Business per RCW 43.60A.200 and</b> certified by the Washington State Department of Veteran's Affairs.</p> <p><a href="https://dva.wa.gov/veterans-service-members-and-their-families/veteran-owned-businesses">https://dva.wa.gov/veterans-service-members-and-their-families/veteran-owned-businesses</a></p> <p><b>Certification Number:</b></p>
<p><b>The business is certified by OMWBE (Office of Minority and Women’s Business Enterprises)</b></p> <p><a href="https://omwbe.wa.gov/certification/certification-eligibility">https://omwbe.wa.gov/certification/certification-eligibility</a></p> <p><b>If this option applies, please indicate which type of certification, and provide certification number.</b></p>	
<input type="checkbox"/>	<p><b>The business meets the criteria for a (MBE) minority business enterprise.</b></p> <p>Certification Number:</p>
<input type="checkbox"/>	<p><b>The business meets the criteria for a (WBE) women’s business enterprise.</b></p> <p>Certification Number:</p>
<input type="checkbox"/>	<p><b>The business meets the criteria for a (MWBE) minority women’s business enterprise.</b></p> <p>Certification Number:</p>
<input type="checkbox"/>	<p><b>The business meets the criteria for a (CBE) combination business enterprise.</b></p> <p>Certification Number:</p>
<input type="checkbox"/>	<p><b>The business meets the criteria for a (SEDBE) Socially and Economically Disadvantaged Business Enterprise.</b></p> <p>Certification Number:</p>
<input type="checkbox"/>	<p><b>The business does <u>not</u> meet any of the previously listed criteria.</b></p>

\* I hereby declare and certify, under penalty of perjury under the laws of the State of Washington, that the certification herein is true and correct and that I am authorized to make these declarations and certifications on behalf of the firm listed herein.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



## IX.5. – Administrative Services Report

GHC Board of Trustees Meeting

August 13, 2024

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# Written Report

## Item Information:

**Topic:** Administrative Services Report

**Prepared by:** Kwabena Boakye

**Attachments:** None

## Narrative

### FY2023-24 Year End

The FY2023-24 fiscal year ended on June 30, accounting processing is expected to continue through the first week of August. Subsequently, annual budget report will be prepared and presented to the Board at the September meeting.

### FY2024-25 Budget

FY2024-25 fiscal year started on July 1. The approved FY2024-25 budget has been loaded into ctcLink. Budget monitoring activities and quarterly budget status reporting to the Board will continue throughout the year in accordance with approved procedures.

### Business Affairs Commission Meetings Update

- The first BAC meeting for FY2024-25 is scheduled in October.

## Summary & Next Steps

FY24 fiscal year ended on June 30. FY25 fiscal year started on July 1. Approved budget for FY25 has been loaded into ctcLink. Next BAC meeting is scheduled for October. Further updates will be provided to the Board of Trustees in subsequent meetings as new information becomes available.

## Action Requested:

None

## Follow-Up

None

## Written Report

### Item Information:

**Topic:** Grays Harbor College Human Resource Report

**Prepared by:** Colleen Meyers, Interim Executive Director for Human Resources

**Attachments:** None

## Narrative

### New Employees:

- Davin Hanton, Student Life Intramural Sports Specialist — Starts August 2024
- Evelyn Lanka, BAS Organizational Management Faculty — Starts Fall 2024
- Chris Sierra, Campus Safety and Security Coordinator — Started July 2024
- Holly Samuelson, BAS Teacher Education Faculty — Starts Fall 2024

### Changes in Employment:

- Ariel Finrock – Moved from Support Specialist to Career and Technical Education Coordinator

### Searches:

- Adult HS+/GED Completion Faculty SCCC (replacement), SCCC, recruitment underway.
- Assistant Dean of Student Aid & Scholarships (Interim – Crystal Bagby) – ongoing.
- Assistant Softball Coaches (2 positions—one new, one replacement), recruitment underway.
- Associate Dean of Instruction SCCC (replacing Jayme Peterson) – offer made.
- Associate Vice President of Human Resources (Interim – Colleen Meyers) – recruitment underway.
- Athletic Director (Interim – Jody Pope) – recruitment underway.
- Athletic Trainer (new)-recruitment underway.
- Curriculum Affairs Manager – Program Specialist 3 (replacing Becky Fischer) -offer made.
- Custodian 1 – PT (replacing Michelle Bishop-Knutsen) under committee review
- Workforce Funding & Support (Interim – Berta Gibby), committee reviewing applications.
- Executive Assistant to the President (replacing Shannon Bell), reviewing applications.
- Financial Aid Program Specialist 2 (replacing Stephanie Thornton), checking references.
- Financial Aid Outreach Specialists (2 positions) new—grant funded– interviews scheduled.
- Human Resources Consultant 1 (replacing Susan Moyles)—recruitment underway.
- Head Women’s Wrestling Coach (replacing Kevin Pine) PT – open until filled.
- IT System Admin Journey (replacing Michelle O’Connor), reviewing applications.
- K-12 Support Specialist (replacing Aril Finrock), recruitment underway.
- Math Faculty SCCC (replacing Brian Snell), recruitment underway.
- Math Methods Instructor – PT – open until filled.
- Women’s Head Basketball Coach (replacing Adam Todd-Thomas) PT – open until filled

Action Requested:

Approval of Policy 656 *'Remote and Flexible Work Hours'*

Follow-Up

None

## IX.7. – Instruction Report

GHC Board of Trustees Meeting

August 13, 2024

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# Written Report

## Item Information:

**Topic:** Instruction Division

**Prepared by:** Evi Buell and Carli Schiffner

**Attachments:** None

## Narrative

### Personnel

The Instruction Division is pleased to welcome Cathy LeCompte as the new Dean of Workforce Education. Cathy is highly experienced in workforce education, and she will be joining us in time for the fall quarter.

Also, this Fall, Grays Harbor College welcomes new leadership in two of the college's four-year degree programs. Evelyn Lanka will join the college as the faculty lead for the Organizational Management Program. She has taught organizational management, psychology, and leadership at a variety of colleges in the United States and in Europe. Holly Samuelson will join the college as the faculty lead for the Teacher Education Program. She is a seasoned teacher and administrator in Grays Harbor County.

Searches are wrapping up for the Dean of Arts, Sciences, and Extended Learning; Curriculum Affairs Manager; and for the Associate Dean at Stafford Creek. Thanks to the support provided by the Grays Harbor College Foundation, the Instruction Division is underway with searches for a Continuing Education Coordinator and a faculty member for Culinary Arts.

### Nursing

With the help of Workforce funding and Lisa Smith at the GHC Foundation, the Nursing program was able to add ten additional slots from the wait list to the summer Nursing Assistant program and train up to thirty certified nursing assistants. These important healthcare FTEs were also augmented with the addition of the I-BEST element. Associate Dean of Transitions, Heidi Wood, worked with Nursing Associate Dean Carol O'Neal to quickly develop a strong support course that the students really appreciate for the wrap-around academic support. The program is a 10-credit course that is intensified by the shortened summer quarter. These students will also benefit from the new state skill testing policy that allows the students to have the skills portion of the skills test conducted by qualified GHC faculty for state licensure. A similar program is being explored for Ilwaco, with an information session on August 12 to gather specific employer needs for establishing such a program.

## Culinary Arts

Under the leadership of Candi Bachtell, Grays Harbor College is preparing to launch the Culinary Arts Program. This Fall, a series of community education will be offered focusing on specialty cooking and beverage techniques. The program curriculum continues to be developed in conjunction with Greater Grays Harbor, Inc., the National Restaurant Association, national program accreditation standards, and our staff. A search will be underway shortly for the Culinary Arts Program faculty.

## Tutoring Center

The Tutoring Center is gearing up for Fall Quarter, but it also remains open for summer hours Tuesday through Thursday. The largest population served this summer has been students from Transitions, a population underserved in the past. Thank you to Paula Franke for bringing her class to the center and introducing them to the Center's services. Other populations served this summer include BTECH 102 students who are struggling with the online format and some math students.

The Tutoring Center, TRiO, and the rest of the library are planning an open house the first week of fall quarter. This will give all students a chance to explore available services.

The Tutoring Center has started advertising for tutors for next year. In addition to math, science, and English, the Center is looking to also serve students in accounting, business, nursing, psychology, and teacher education. Faculty will be asked to bring their students to the Center as a class to show them the services that are available. The goal is to increase Tutoring Center use by at least 25% this year.

## Transitions

For the Fall Quarter, the Transitions Department will be adding an I-BEST component to the Medical Assistant Program. Pioneered by Washington's community and technical colleges, I-BEST (Integrated Basic Education and Skills Training) utilizes a team-teaching approach. Julissa Napoles, a recent graduate of Grays Harbor College's Medical Assistant Program, will join Chrissie Erickson in this initiative. In the classroom, students will work with two instructors: one focused on job training and the other on foundational skills such as reading, math, or English language. This approach allows students to receive the necessary support while studying in their chosen career field, promoting learning through practical experience. The I-BEST model is renowned for its effectiveness in improving student completion and retention rates.

## Stafford Creek

Two-degree programs offered at Stafford Creek Corrections Center (AA-DTA and Business DTA) are in the final stages of approval with the Department of Education (after being approved by SBCTC and NWCCU) for being Pell-eligible. This movement to Pell approved degrees is a new direction from the Department of Corrections and will eventually have an impact on the contract the State Board has with the Department of Corrections and the seven colleges offering corrections education.

## Preparing for Academic Year 2024-25

Faculty and key staff have been working this summer on three projects: assessment, advising, and tenure. These projects are key to getting faculty ready to “hit the ground running” in September. This work has also established a positive momentum and will ultimately benefit students and their experiences here at Grays Harbor College.

# IX.8.a. – Student Services Report

GHC Board of Trustees Meeting  
August 13, 2024



## Written Report

### Item Information:

**Topic:** Student Services August Report  
**Prepared by:** Laurie Franklin, Interim Vice President for Student Services  
**Attachments:** Calendar of Events

### Narrative

#### Student Services Division

#### Financial Aid and Scholarships:

The Financial Aid Office staff has reviewed all Summer Quarter 2024 enrolled students! They will continue to review students who apply during the quarter and have started reviewing students who are enrolled for Fall Quarter 2024. Partnerships and collaboration with South Puget Sound Pathways founder, Yazmin Aguilar Carretero, Pacific County Public Health Human Services Program Manager, Darian Sheldon, Timberland Libraries Executive Director, Cheryl Heywood are underway for getting financial aid assistance and resources to our service areas.

### Enrollment:

#### Summer Quarter Enrollment Snapshot for Tuesday, July 30th

FTE: Summer 2024	Summer 2023	Summer 2024	Year to Year Diff		Summer 2023 Finals	
	08/01/2023 Day # 20	07/30/2024 Day # 22			09/05/2023 FINALS	Final FTE Numbers for Summer 2023
	<u>2023-24</u>	<u>2024-25</u>	<u>Difference</u>	<u>% Diff from 2023 to 2024</u>	Summer 2023 FTE change to end of quarter	Final FTE Numbers for Summer 2023
1-Academic Transfer & Pre-College	143.79	112.02	-31.77	-22.1%	0.67	144.46
2-Transition Programs	53.94	50.01	-3.93	-7.3%	-	53.94
3-Career and Technical Ed.	64.90	73.72	8.82	13.6%	1.73	66.63
4-BAS Programs	3.66	-	-3.66	-100.0%	-	3.66
<b>State Support Total</b>	<b>266.29</b>	<b>235.75</b>	<b>-30.54</b>	<b>-11.47%</b>	<b>2.40</b>	<b>268.69</b>
3-Running Start	5.80	54.02	48.22	832.0%	0.60	6.40
<b>State Support + Running Start Total</b>	<b>272.09</b>	<b>289.77</b>	<b>17.68</b>	<b>6.5%</b>	<b>3.00</b>	<b>275.09</b>

## Fall Quarter Enrollment Snapshot for Tuesday, July 30th

BCC: Exempt, Faculty, PT Faculty, Staff, PT Staff, Executive Team

FTE: Fall 2024	Fall 2023	Fall 2024	Year to Year Diff		Fall 2023 Finals	
	07/25/2023 Day # -55	07/30/2024 Day # -55			12/19/2023 FINALS	
	<u>2023-24</u>	<u>2024-25</u>	<u>Difference</u>	<u>% Diff from 2023 to 2024</u>	Fall 2023 FTE change to end of quarter	Final FTE Numbers for Fall 2023
1-Academic Transfer & Pre-College	353.59	408.74	55.16	15.6%	189.19	542.78
2-Transition Programs	-	0.27	0.27	0.0%	123.56	123.56
3-Career and Technical Ed.	178.71	194.02	15.31	8.6%	126.56	305.27
4-BAS Programs	25.31	30.24	4.93	19.5%	14.59	39.89
<b>State Support Total</b>	<b>557.60</b>	<b>633.26</b>	<b>75.66</b>	<b>13.57%</b>	<b>453.89</b>	<b>1011.50</b>
3-Running Start	177.76	164.71	-13.06	-7.3%	189.62	367.38
<b>State Support + Running Start Total</b>	<b>735.37</b>	<b>797.97</b>	<b>62.60</b>	<b>8.5%</b>	<b>643.51</b>	<b>1378.88</b>

### Outreach and Recruitment:

Summer Quarter community events:

GHC Enrollment Days: September 9-10

Aberdeen Sunday Market: August 11, September 1, September 15

Summerfest: August 17

Grays Harbor Pride: August 17

Pacific County Fair: August 21-24

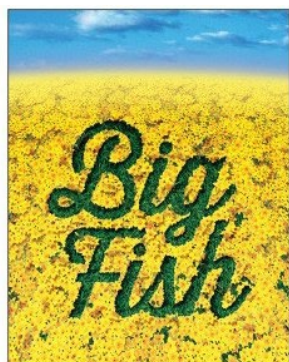
Loggers Playday: September 7



## Calendar of Events

### Bishop Center

#### Final Event 23-24 Bishop Season-Big Fish



Broadway musical “Big Fish” by Andrew Lippa and John August, based on a 1988 novel by Daniel Wallace. This musical takes you on a journey through Edward Bloom’s life, as he is battling cancer. This production overflows with heart, humor and spectacular stagecraft.

This 4-day event was well-attended, with a number of repeat patrons. The warm cookies and water also sold out!



Exciting News! The Daily World selected the Bishop Center as the “Best Performing Arts Center – Best of Twin Harbors 2024”! The plaque will be displayed in the Bishop Center.

An ad-hoc advisory group has convened to talk about events in the Bishop Center for Performing Arts. There will be a new look and incentives for donors in 2024-25. There are plans in place to create an official advisory group made up of internal and external stakeholders to bring traditional ideas and new ideas together.

## *IX.9. – President's Report*

GHC Board of Trustees Meeting

August 13, 2024

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# Written Report

## Item Information:

**Topic:** President's Monthly Report

**Prepared by:** Carli Schiffner, PhD

**Attachments:** Accreditation Report

## Narrative

### EVENTS:

Rusty Scupper Days, Booth, June 29-30

Grays Harbor College Graduation, Stafford Creek Corrections Center, July 10

Representative Derek Kilmer, Campus Visit, July 12

WACTC Presidents' Retreat, July 17-19

Big Fish, Summer Musical, Bishop Center, July 19

Grays Harbor County Fair, Booth, July 31

### MEETINGS:

Scott Schirmeier, President, EAB, July 2

Dr. Val Sundby, Director of Transfer Education, SBCTC, July 3

Allocation Model Review Taskforce, Meetings, July 7, July 10, July 17

Westport Maritime Initiative, Meeting, July 7

Maritime Center of Excellence, July 8, July 25

Operating Budget Committee, Meeting, July 10

Grays Harbor College Foundation Meeting and Tour, July 11

Greater Grays Harbor, Inc., Executive Meeting, July 11

Pac Mountain West Grant Development, Presidents Meeting, July 17

WACTC Executive Team Prep, July 17

Hanover Research, Update Meeting, July 23

Gary Morean, Meeting, July 24

Culinary Arts Planning Meeting, July 24

Dr. Val Sundby, Director of Transfer Education, SBCTC, Tenure Project Meeting, July 24

Fiscal Health Planning Prep Meeting, July 26

Ruth Clemmons, City of Aberdeen, Meeting, July 26

Cheryl Heywood, Director of the Timberland Library Network, July 30

Kim Tanaka, Executive Director of Trustees, SBCTC, July 31

SBCTC Climate Solutions, Meeting, July 31

\*\*Includes several hiring meetings/interviews, and annual evaluation meetings.

## STAFFING

Several searches are underway—Grays Harbor College is in the final stages of the deans' searches, wrapping up faculty searches for BAS OM and BAS TE, and have a sundry of other positions in process!

After serving for the past year as the interim Associate Dean of Transitions, **Heidi Wood** will now be serving in this role permanently. Thank you to the support from the Transitions faculty and staff in making this happen! Heidi has provided leadership for adult basic education at Grays Harbor College for nearly two decades. The College is very fortunate to have her insight and student-centered approach represented in leadership at the college. Congratulations, Heidi!

## ACCREDITATION

No significant updates.

## EXTERNAL FUNDING

Grays Harbor College is pursuing TRIO expansion grants focusing on services to students in STEM pathways.

Work continues on preparing the College for the Title 3 and Title V grant applications which will open in 2025.

## WACTC UPDATE

The three-day retreat predominately focused on preparing for the upcoming Legislative session and the allocation review.

The slate of Legislative priorities has been identified for the 25-27 Biennium and consist of: increased compensation for college employees; increased/expanded amount for general purpose funds for each college; and to expand the Job Skills Program.

As part of the Capital Budget request the SBCTC is submitting on behalf of the college system, also included is a separate, stand-alone financial request—a \$1 million dollars for GHC's Lake Swano Dam

mitigation research and study. This is extremely rare that a college gets a “stand alone” budget item request (i.e., decision package) outside of the system’s approved capital project list.

Also, in this upcoming Legislative session, the State Board will also be supporting two policy bills—the first one is being referred to as the Dual Credit Omnibus Bill (which will more fully fund College in the High School programs as well as CTE Dual Credit); and the second policy bill is the permanent expansion of House Bill 1835 which is the expansion of full-time financial aid outreach navigators into a college district’s high schools. Grays Harbor College was invited to join this pilot extension in July, and the results of our efforts will be considered for statewide funding.

The Allocation Model Review Task Force presented their recommended changes to the allocation model for state funding. A survey is being utilized to gather feedback about the impact of the proposed changes—that include increasing the minimum operating allocation and removing the FTE target from the district enrollment determination.

**Action Requested:**

This is informational, no action requested at this time.

**Follow-Up**

None

## IX.9.a. – Accreditation Report

GHC Board of Trustees Meeting

August 13, 2024



# Written Report

## Item Information:

**Topic:** Institutional Accreditation

**Prepared by:** Kristy Anderson

**Attachments:** None

## Narrative

### Commission Response to Ad-Hoc Report

Grays Harbor College received official correspondence from the Northwest Commission on Colleges and Universities (NWCCU) that our [Ad-Hoc Report](#), submitted in March 2024, was accepted. The college will continue two of the three recommendations as “needs improvement” and report on them again during the comprehensive visit in the fall of 2026. The two recommendations, revised and going forward are:

- **Recommendation 1: Spring 2024 Ad Hoc Report with Visit** – The commission recommends that Grays Harbor College engage in systematic assessment of its accomplishments, integrating the multiple planning processes to facilitate prioritization of resource allocation and the use of institutional capacity to ensure institutional effectiveness.
- **Recommendation 2: Spring 2024 Ad Hoc Report with Visit** - The commission recommends that Grays Harbor College fully implement student learning outcomes assessment across all degrees and programs, including the general education program, and use the assessment results to inform and improvement.

### Commission Response to Financial Resource Review Report

Grays Harbor College was also notified by NWCCU that its [March 2024 Financial Resource Review](#) report was accepted. As part of the response, the committee reviewing the report provided the following review and analysis:

“Grays Harbor College has demonstrated meaningful progress towards the outstanding recommendations requests from the prior FRR panel. The Panel notes initial steps in addressing the institution’s enrollment challenges with the hiring of an Executive Director of Project Management and Strategic Initiatives. Additionally, the college has developed a comprehensive Strategic Enrollment Action Plan (SEAP) and presented the plan with the Board at the December 2023 meeting. The college has also made considerable progress towards completion of their audited financial statements, with completion of their financial statements through FY 2022.

Financially, the college has adequate reserves to sustain operations during the foreseeable future. However, the Panel noted future budgets are dependent on contributions from reserves. The college should continue progress towards recommendation #3 and development of long-term balanced budgets.”

No further Financial Resource Review reports are required at this time.

## ALO Summer Training Workshop

On July 24<sup>th</sup>, NWCCU hosted a town hall workshop for Accreditation Liaison Officer. Topics at the Townhall included:

- Upcoming revisions to the NWCCU Standards, likely to be implemented in 2027
- An upcoming increase in college dues
- Discussion of requirements for peer comparator data, both regional and national
- Discussion of the requirements for various reports in the reporting cycle

## Summary & Next Steps

Grays Harbor College's next report to NWCCU is the **Policies, Regulations, and Financial Review** (PRFR) report due September 1, 2025. The Accreditation Steering Committee has identified sections of the report that each committee member will be writing and/or gathering information to prepare. A timeline has been prepared that provides for adequate time to allow college employees and the board to review the report prior to submission.

## Action Requested:

No action at this time.

## *XI.9.b. – tulalW Student Center Report*

GHC Board of Trustees Meeting

August 13, 2024

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# Written Report

## Item Information:

**Topic:** tulalW Student Center Construction Report

**Prepared by:** Floyd Plemmons

**Attachments:** tulalW Student Center Construction Contract Review

## Narrative

Major Construction is complete on the tulalW Student Center (formerly known as the SSIB) and is fully occupied by staff and students. The long awaited freight elevator is now functional.

### Work Remaining

- Completion all Punchlist work is finishing up.
- Commissioning of mechanical and electrical systems is still in progress and will continue into October.

## Construction Budget

Attached is a current construction budget report for review.

## Summary & Next Steps

Forma to work towards completing all close out items.

### Action Requested:

This is informational, no action requested at this time.

### Follow-Up

None

# GRAYS HARBOR COLLEGE BOARD OF TRUSTEES

## AUGUST 13, 2024 MEETING

### SSIB CONSTRUCTION CONTRACT REVIEW

#### FUNDING

STATE FUNDING FOR CONSTRUCTION	\$ 43,785,304.00
STATE CERTIFICATE OF PARTICIPATION/COP	\$ 3,200,000.00
STATE FUNDING FOR INFRASTRUCTURE	\$ 733,183.67
TOTAL CONSTRUCTION FUNDING	<u>\$ 47,718,487.67</u>

#### EXPENSES

FORMA BASE BID	\$ 43,773,857.00
42 APPROVED CHANGE (Including the \$407K Forma Delay Claim)	\$ 1,731,615.10
REVISED CONTRACT AMOUNT ( INCLUDING WSST)	<u>\$ 45,505,472.10</u>

REVISED CONTRACT AMOUNT TO DATE	\$ 45,505,472.10
28 PAY APPLICATIONS - 99%	<u>\$ (45,131,183.68)</u>
BALANCE DUE (1%)	\$ 374,288.42

#### COST BREAKDOWN BY CATEGORY AND PERCENTAGE OF CURRENT CHANGE ORDERS 1-42

Design Errors/Omissions	\$ 388,598.59	22%
Agency - (Owner Requested Change)	\$ 373,460.47	22%
Latent Condition -(Unforeseen Conditions)	\$ 323,963.24	19%
Code Requirements	\$ 83,581.46	5%
Value Engineering ( Cost saving ideas)	\$ (155,689.24)	-9%
Delay ( Including the \$407K Forma Delay Claim)	\$ 717,700.59	41%
	<u>\$ 1,731,615.11</u>	